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## Strong Rise In U.S. Jobs Puts Markets Into Tailspin

Clinton Welcomes News  
But Wall Street Is Wary  
Of Quick Rise in Rates

By Keith Bradsher  
New York Times Service

WASHINGTON — The U.S. economy continued to produce jobs at a brisk pace in July, the government said Friday, triggering drops in financial markets as investors feared the Federal Reserve Board might raise interest rates again soon to prevent any increase in inflation.

Employment grew by 259,000 jobs last month and average hourly earnings rose by 4 cents, to \$11.12, the Labor Department reported. President Bill Clinton welcomed the news, pointing out that employment has now risen by 4.1 million jobs since he took office, half of the 8.0 million jobs that he promised to create during his first term.

But traders and investors in financial markets were much less enthusiastic, worrying that the central bank would interpret rising wages and employment as signs that inflation, now running at slightly less than 3 percent, will pick up. The Dow Jones industrial average closed down 18.77 at 3,747.02, while the price of the benchmark 30-year Treasury bond fell 1 17/32 point to 84 24/32, taking the yield up to 7.55 percent from 7.40 percent Thursday.

Although job growth was strong, the unemployment rate crept up to 6.1 percent, a statistically insignificant tenth of a percentage point from June. Unlike the figures on job creation, which come from an extensive survey of businesses, the unemployment rate is based on a survey of households.

The household survey has been producing unusual results ever since the Labor Department changed the questions at the beginning of this year, and even department officials have become hesitant to rely on it. "The household survey — since it's a new survey instrument and it's a small survey in terms of the number of people surveyed — is still bouncing around a little bit," Labor Secretary Robert E. Reich said.

Other analysts were less polite. "It's not a reliable number, particularly on a month-to-month basis," said David M. Jones, an economist at Aubrey G. Launton & Co. in New York.

Wall Street economists said Friday's employment report made it likely that the Federal Reserve Board would raise short-term interest rates for the fifth time this year, quite possibly on Monday but more likely at the next meeting of the Fed's interest-rate policy committee on Aug. 16.

No economic data is scheduled for release Monday, so financial markets may be quiet. A rate increase that day, said Eugene J. Sherman, the director of research at New York brokerage M.A. Shapiro & Co., "might help the Treasury Department."

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Three drivers seeking a drink of water Friday at the Yugoslav border, where trucks headed for Bosnia were blocked.

## After Killings, France Seizes 16 Algerians

By William Drozdiak  
Washington Post Service

PARIS — France rounded up 16 Algerian Muslim fundamentalists and interned them in an abandoned army outpost Friday as the government of Prime Minister Edouard Balladur urged its Western allies to join in a crackdown against Islamic extremists living in exile.

Following the killing of five French citizens in Algeria on Wednesday, Interior Minister Charles Pasqua ordered the arrests of leading Islamic militants, including two imams, and pledged to maintain "a high state of vigilance" against Algerian fundamentalists who have taken refuge in the West.

(The detained Islamic militants were

served with deportation orders, Mr. Pasqua said, according to Agence France Presse. He told the France 2 television channel that the deportation order applied to all 16.)

France urged the United States and Germany to join in a clampdown on the political activities of exiled leaders of the Islamic Salvation Front, which was banned by Algeria's government after it canceled elections in January 1992 that the Islamic Front seemed certain to win.

But the U.S. and German governments have resisted French appeals in the past, saying that Western countries should maintain contacts with "moderate" members of the Islamic Front because they could prove to be crucial in finding a

political settlement to the strife in Algeria.

French officials argue that the organization serves as a facade for a host of radical factions, including the Armed Islamic Group, which claimed responsibility Friday for the shooting of three French paramilitary gendarmes and two consular officers during an attempt to plant a car bomb in the French Embassy's housing complex.

During a memorial ceremony for the five victims, Prime Minister Balladur condemned the Islamic extremists in Algeria for waging a terrorist campaign that has killed at least 56 foreigners, including 15 French nationals, in the last year.

"An ideology cannot be built on hatred,"

See FRANCE, Page 5

## Israeli Apology Aimed to Ease Christopher Trip

By Caryle Murphy  
Washington Post Service

JERUSALEM — An unusual Israeli apology for mistakenly killing seven civilians, including two children, during a bombing raid in southern Lebanon was aimed at averting an escalation of fighting there and facilitating the visit of Secretary of State Warren M. Christopher to the region, government and other Israeli sources said Friday.

The apology was not unprecedented, but it differed from most Israeli expressions of regret over civilian casualties in its frank admission that a mistake had been made, several Israeli observers said.

It was intended to make clear that Israel was not intentionally violating an understanding brokered by Mr. Christopher last year that ended a weeklong bombing blitz of southern Lebanon.

That action was aimed at pressuring the Lebanese Shiite Muslim militia of Hezbollah to stop its rocket attacks on northern Israel.

Under the agreement ending that Israeli operation, Israel asserted that it would not target civilians who had no connection with Hezbollah in return for an end to Hezbollah's rocket attacks on northern Israel. About 150 Lebanese were killed during that operation.

A government source said that, by apologizing, Israel calculated it could give Mr. Christopher the opportunity to tell Arab leaders, in effect: "Look, the Israelis apologized. They really did not intend for this to come out the way it did," so the agreement ending the operation should stand.

Mr. Christopher is due to arrive in Israel on Saturday for his

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## NATO Jets Punish Bosnian Serbs After Defiant Arms Grab

General Warns  
Of More Strikes

By John Pomfret  
Washington Post Service

SARAJEVO, Bosnia-Herzegovina — North Atlantic Treaty Organization warplanes attacked a Bosnian Serb position near Sarajevo on Friday in swift retaliation after Serbian soldiers sneaked into a UN weapons collection point and removed a tank and heavy guns in defiance of a NATO ultimatum.

Sir Michael Rose, the British lieutenant general who commands UN forces in Bosnia, said two U.S. A-10 ground-attack aircraft had blasted a 76mm self-propelled "tank buster" on a deserted hillside south of the capital, near Mt. Igman.

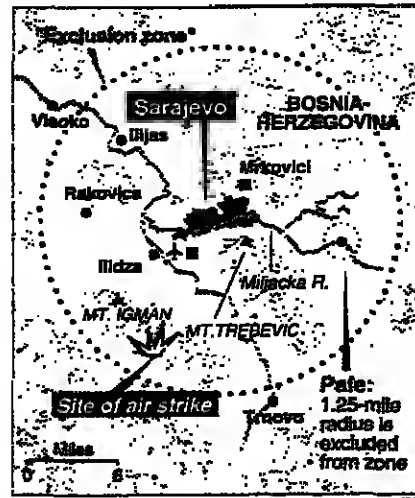
United Nations forces had warned the Serbs to clear their soldiers away from their weapons around Sarajevo an hour before the strike occurred, General Rose said, adding, "We do not think it is part of our business to kill anyone."

French, Dutch and British jets also took part in the operation.

The general, in a news conference following the strike, warned that he had "merely called for a pause in the NATO operation" and that it would continue if Serbian heavy weapons were not returned to UN collection points. The general quoted the chief of staff of the Bosnian Serb Army, General Manojlo Milovanovic, as promising to hand over to UN control at least nine other weapons systems violating the ultimatum.

At 10:10 P.M. the Serbs returned two armored personnel carriers, said a UN peacekeeper spokesman, Major Dacre Holloway, according to a report from The Associated Press. The tank and a mobile anti-aircraft gun, which the Serbs seized along with the two armored personnel carriers Friday, had not yet been returned.

NATO's attack, its third against Bosni-



an Serbs since April, followed two weeks of concerted moves by the Serbs to undermine a Sarajevo cease-fire that had brought almost five months of tranquility and sufficient food to this Balkan capital after a Serbian siege left 10,000 people dead.

Having rejected an international peace plan for Bosnia last week, the Serbs, by reimposing the siege of Sarajevo, killing one British soldier and recommencing mortar and sniper fire into this crumbling European capital, have sought to convince Western powers that further involvement in this mountainous land is not worth the price.

But after tolerating a series of Serbian violations and enduring the Serbian use of big guns around the Muslim enclave of Gorazde, protected by another NATO ultimatum, General Rose chose Friday to act.

"I regret the use of the force," he said, "but there is a limit to how much encroachment" we can accept.

NATO's strike occurred against one of the most volatile political and military

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## Opposition Leader Rejects Nigeria's Offer of Freedom

By Cindy Shiner  
Washington Post Service

LAGOS — The jailed opposition leader Moshood K.O. Abiola on Friday rejected an offer of freedom from a federal high court because it was loaded with conditions, including one that would forbid him from practicing politics.

The Abuja High Court ordered Chief Abiola's release on bail after negotiations between the government and the country's largest labor union. The order said Chief Abiola had to renounce politics, avoid interfering in police investigations and remain in Nigeria, said his wife, Kudirat Abiola.

"Chief Abiola is not interested" in the offer, she said in a telephone interview. She said he instead would start campaigning from inside prison for "the actualization" of elections last year.

Chief Abiola is widely believed to have won the presidency in those elections, which the military annulled. On the election anniversary in June he declared himself president and was arrested and charged with treason.

His detention has sparked rioting in Lagos, and a monthlong strike by oil workers pressing for his release has paralyzed the oil-based economy and edged up international oil prices.

The Nigeria Labor Congress, which represents some 3.5 million workers, had tried to work out a deal with the government to secure Chief Abiola's release. The union called off a two-day strike Thursday, saying it wanted to facilitate negotiations with the military government of General Sani Abacha.

Kudirat Abiola said her husband was unaware of the details of a possible deal between the government and the labor congress. "He was not informed of the arrangement," she said.

Meanwhile Friday, oil unions said they would continue their work stoppage regardless of whether or not Chief Abiola was released. "If they do release Abiola, we will be back to square one in the fight to restore democracy in Nigeria," said Wariebi Koj Agamene, president of the National Union of Petroleum and Natural Gas Workers.

The Abacha regime has vowed to return democracy to Nigeria, Africa's most populous nation, and it organized a constitutional conference to chart the way to reform. But government opponents have labeled the conference a sham because it is not sovereign.

Nigeria has been ruled by the military for all but 10 of its 34 years of independence from Britain.

## Democrats Advised to Play Down Clinton Ties in Fall

By Richard L. Berke  
New York Times Service

WASHINGTON — Admitting that the Democrats face a grim political outlook this fall, President Bill Clinton's chief pollster is advising Democratic officeholders who will be seeking re-election to emphasize their own records rather than linking themselves too closely to Mr. Clinton or even their party.

The pollster, Stanley Greenberg, also recommends that candidates make crime their central issue, not health care or the economy.

Mr. Greenberg stops short of warning candidates to distance themselves from the president, but his recommendation amounts to a tacit recognition that Mr. Clinton's weaknesses could damage Democrats' prospects.

The recommendation is also at odds with comments by officials like the Democratic chairman, David Wilhelm, who has publicly urged party members in Congress to run proudly with their president.

"Democrats make gains in this race running on their accomplishments and their agenda to help people at home," Mr. Greenberg wrote in a memorandum entitled "Strategic Guide to the 1994 Election."

"There is no reason to highlight these as Clinton or Democratic proposals. Voters want to know that you are fighting to get things done for them, not that you are advancing some national agenda."

The document, obtained from a Democratic organizer, was distributed a month ago to a small number of party leaders and officials at the White House.

Though the memorandum says the Democrats face a tough year, it is not entirely downbeat. In fact, it is intended as a blueprint for how Democrats can avoid significant losses in November.

The memorandum is based on interviews and focus groups with voters and candidates in four swing House districts: in a Rocky Mountain state, on the West Coast, in the Deep South and in the Midwest.

All are districts where the incumbent Democrat faces "a genuine battle for re-election," the memorandum says.

The party that wins the White House almost always suffers losses in the next midterm election. The last time the party in power gained House and Senate seats in a

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## New Counsel Named for Whitewater

### Up and Coming

This occasional series about the leaders of tomorrow continues in Monday's JET with a profile of William George O'Chee, who at 24 became the youngest person to be elected to Australia's Senate.

### Money Report

Offshore funds — taxation and regulation reviewed, performances compared, setting up your own fund. Pages 13-15.

### Book Review

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Newsstand Prices	
Andorra.....9.00 FF	Luxembourg 60 L. Fr
Antilles.....11.20 FF	Morocco.....12 Dh.
Cameroon.....1.400 CFA	Qatar.....8.00 Riels
Egypt.....E.P. 5000	Réunion.....11.20 FF
France.....9.00 FF	Saudi Arabia.....9.00 R.
Italy.....300 CFA	Senegal.....300 CFA
Gabon.....900 CFA	Spain.....300 PTAS
Greece.....200 Dr.	Tunisia.....1,000 Din
India.....2,000 Lre	Turkey.....T.L. 35,000
Ivory Coast.....1,100 CFA	U.A.E.....8.50 Dirh
Jordan.....1 JD	U.S. Mil. (Eur.) \$1.30
Lebanon.....US\$ 1.50	

Dow Jones		Trib Index	
Down	18.77	Down	0.21%
3747.02		115.72	
The Dollar		Ed. data	
New York	1.5797	previous close	
D.M.	1.5415	1.5875	
Pound	100.80	100.475	
Yen	5.408	5.4325	

## Dream Team II: The Sequel Resembles a Nightmare

By Harvey Araton  
New York Times Service

HAMILTON, Ontario — Forget about Michael, for the time being, at least. Forget Magic, and don't even mention Charles or Scottie. Forget all comparisons with Dream Team I because, after 40 inaugural minutes of international competition, the worst suspicions about The Next Generation have already been realized.

From the many tracts of empty seats here at Copps Coliseum to the cool 100 points Spain rung up against the supposed best the National Basketball Association has to offer, it was obvious on Thursday night that so-called Dream Team II is a sequel you wouldn't rush to see just because the original was so tantalizingly good.

The first band of U.S. professionals to grace the World Championships are not exactly the Sacramento Kings, but Magic Johnson was right, Michael Jordan was right and Shaquille O'Neal and Alonzo Mourning were, well, full of hot air when they insisted the second edition would have run laps around the aging vets.

"I think this was a good lesson for us," the U.S. team's coach, Don Nelson, said after his players, who actually trailed deep into the first half, outgunned the Spaniards, 115-100, in a sloppy, poorly executed



Shawn Kemp and his U.S. teammates had no trouble dunking the ball, but defense was a stranger as Spain scored 100 points and lost by just 15.

ed and, most of all, shabbily defended opener.

Uh-oh. Time for O'Neal to admit that his dream had some disturbing and recurring aspects to it. Mainly the Spanish players' ability to consistently break down the Team USA defense and kick the ball out to the perimeter for all kinds of open jumpers. And the Americans' inability to dominate the competition with full-court pressure. The way the you-know-whos were able to do from the moment they were unleashed at the Tournament of the Americas two years ago.

"We're not trying to blow these teams out by 50 or 60 points," said O'Neal, the one player the Spaniards seemed legitimately afraid of. "We're just trying to win the game."

Good try. Though it is seems juvenile that the American pros believe they must bury all comers to protect their status as the supreme global marketeers of basketball shoes, among other products. It had to be somewhat alarming to the NBA contingent to observe the Spaniards demonstrate slicker passing, more patience and, O'Neal aside, little fear of the U.S. defense.

"No one has ever scored 100 points against a Dream Team," Spain's coach, Lolo Sainz, said with pride. In fact, the

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# Emptied, Rwanda Is an Echoing Chamber of Horrors

By Paul Taylor  
Washington Post Service

KIGALI, Rwanda — After the slaughter, after war and now after cholera, Rwanda is a nation that has been decapitated.

It is largely without an operating physical infrastructure. It is without a police and judiciary. It is without a civil service. It is without a currency, its Central Bank having been emptied by fleeing soldiers. It is without much of its elite of doctors, businessmen, clergy and professors, who were hacked to death precisely because they stood for ethnic tolerance.

It is also a nation that is missing a staggering percentage of its population. Up to half a million Rwandans were killed in the genocide that began after Rwanda's president died April 6 when his plane crashed at Kigali's airport. Many observers say the plane was shot down by Rwandan rebels.

Twenty-four thousand more have died of cholera and other diseases. Four million have fled their homes; half of them to another country. All of this, starting from a population base of 7.7 million.

The month-old government that inherits this chamber of horrors is led by the Rwanda Patriotic

Front, dominated by members of the country's 14 percent Tutsi minority. The rebels' military victory last month capped a centuries-old struggle whose latest chapter began when Rwanda's Hutu majority took control of the country from their historic overlords, the Tutsi, at the time of independence from Belgium in 1962.

With one hand, this new government must prosecute the Hutu extremists who slaughtered hundreds of thousands. With the other, it must reach out to the Hutu masses, who make up 85 percent of the population, and convince them that the guiding principle of the new government will be reconciliation, not revenge.

At the same time, the new government must keep an eye on the Hutu militia and soldiers who fled last month into neighboring Zaire, and who are now talking about regrouping and counterattacking.

The United Nations military commander here, Major General Romeo Dallaire, says it is difficult to imagine such a demoralized, routed rabble posing a serious military threat in the near term. But it is not difficult to see them becoming a nuisance as bandits who stage occasional cross-border raids — or to see them becoming a rebel force in exile that gathers in strength over the

years, just as the Rwanda Patriotic Front did from Uganda over the course of a generation.

So far, the new government is getting high marks from UN and other foreign diplomats here. It has formed an ethnically balanced cabinet, installed Hutu as president and prime minister, and given assurances that there will be international participation and full transparency in any genocide tribunals.

But the government's signals have not yet persuaded the Hutu refugees to come home. Of the more than 1 million who fled to Zaire when the front took power last month, fewer than 100,000 have returned, despite the horrific conditions in the refugee camps along the border.

When Prime Minister Faustin Twagiramungu, a moderate Hutu, says the problem is that "our message has not been getting through," he means to be taken literally. The new government does not yet have radio signals strong enough to broadcast its reassurances to the refugees, although the United Nations plans its own broadcasts.

For now, the refugees are getting a relentless diet of Hutu extremist propaganda. The rumor in the camps is that any Hutu who returns will be

killed in the most gruesome way imaginable. It is being spread by the militia and soldiers who encouraged the mass exodus in the first place, part of their strategy to cede the country to the Patriotic Front but take the population with them.

Some Hutu refugees will never return, because they took part in the atrocities. Even those whose hands are clean will need a lot of persuading.

"For a generation, the Hutus had been taught to believe that if the Tutsi came back to power, they were all going to be killed," said Abdul Kabia, executive director of the UN mission in Rwanda.

All the top leaders have given assurances that if the Hutu refugees come back, the innocent will be protected. They also pledge that elections will be held, although the new president, Pasteur Bizimungu, has said it may take five years, more than double the time envisioned in the power-sharing agreement reached last August.

The new government has spoken of holding genocide trials for 20,000 to 30,000 officials, militia and military figures of the former government, a figure that Kabia calls "alarming" and not conducive to reconciliation.



A Rwandan refugee carrying water Friday through a crowded camp near Goma, Zaire. Only about 100,000 of the refugees have returned to Rwanda.

## Death Toll In Camps Drops to 500 a Day

Compiled by Our Staff From Dispatches

GENEVA — The number of deaths among Rwandans in the Goma refugee camps has dropped to 500 a day from a high of 1,800 a day at the end of July, a United Nations spokeswoman said Friday.

But the official, Sylvana Foa, said the mortality rate was "still unacceptable" and that the UN High Commissioner for Refugees was "still very scared about dysentery."

She said the death rate among dysentery victims was about 10 percent, and added that most of the deaths registered over the past few days were due more to dysentery than cholera.

About 50 percent of the refugees' water needs are now being met with the distribution of some 2 million liters (500,000 gallons) per day, but the UN agency "needs \$70 million fast" to buy aircraft fuel that would allow more deliveries.

The agency also said it was short of antibiotics to treat dysentery.

In Zaire on Friday, a radio station started broadcasting to Rwandan refugees as part of stepped-up UN efforts to get them to leave the camps and return home. Radio Gatashya began by advising the almost 1 million refugees of the need for sanitation to prevent disease.

Panos Mountziz, a UN refugee agency spokesman, said about 800 battery-operated radios had been distributed in the camps.

The station, operated for the UN agency by Journalists Without Borders, a French relief group, is broadcasting four-hour programs three times a day in French, Swahili and Kinyarwanda, the language spoken by most Rwandans.

Most refugees in eastern Zaire are Hutu, who fled fearing retribution from a victorious Tutsi-led rebel army.

The UN said defeated Rwandan soldiers and exiled former government officials have created fear among the refugees, telling them they will be slain by Tutsi if they leave.

Thursday, the new prime minister, Faustin Twagiramungu, said the government was looking for 32,000 people linked to the massacres of Tutsi that began in April.

UN officials, meanwhile, warned of rising tension among the refugees to eastern Zaire. A Zairian soldier, who witnesses said demanded money from a refugee, was hacked to death, Mr. Mountziz said. (AFP, AP)

## Hutu Refugees and Zairian Troops Make Fatal Mix

By Keith Richburg  
Washington Post Service

GOMA, Zaire — Violence has erupted at two of the largest camps for Rwandan refugees, leaving two Zairian soldiers and one refugee dead and underscoring the tensions between the millions-plus Rwandans who have fled here and the poorly paid, ill-disciplined soldiers rescuing them from the massive influx.

In an incident on Wednesday, a Zairian soldier was stoned to death by refugees while trying to steal a car out of the Kibumba camp, the largest refugee settlement, according to an account by the United Nations High Commissioner for Refugees. In another incident, at the Katala camp on Thursday, refugees armed with machetes hacked to death a Zairian soldier suspected of

extorting money and property from the refugees.

Food distribution was suspended at the Katala camp following the machete attack, said Panos Mountziz, spokesman for the UN refugee agency here. He said the refugees who killed the soldier stole two rifles the soldier was carrying and still have the weapons in their possession.

The violence continued Friday when about a dozen Zairian soldiers began breaking into refugee huts at the Kibumba camp, ostensibly on a search for weapons. They began stealing radios, mattresses, and at least three goats from the refugees when an angry crowd formed.

The soldiers opened fire, and Mr. Mountziz said one refugee, an elderly man, was shot dead, and three were wounded.

Mr. Mountziz said his agency had asked the Zairian authorities to increase security on the perimeter of the camps and rein in the soldiers, who have been terrorizing the refugees since they first crossed the border en masse last month.

Mr. Mountziz said he had witnessed Zairian troops looting personal possessions from refugees at the height of the exodus into Goma. He said that among the favorite items taken by the soldiers have been cars brought here by refugees.

He said tensions remained high at the two affected camps, and relief officials would decide later whether to resume food distribution at Katala.

Earlier this week, Mr. Mountziz said the UN had complained to Zairian officials about the behavior of Zairian

troops at Goma's airport. The soldiers, armed with rifles and automatic weapons, were surrounding planes loaded with relief supplies and helping themselves at gunpoint to some of the aid. He said Friday that the airport looting appeared to have stopped after the complaint.

The violence brings to the fore the concern of relief agencies and others that the massive influx of Rwandan Hutu into Zaire, among them soldiers and militiamen suspected of massacres inside Rwanda, and the presence of Zairian troops who make their living through extortion and looting had created here in remote eastern Zaire a volatile mix that would soon erupt.

"You have two very, very violent groups," Mr. Mountziz said.

■ War Risk Seen in Burundi

Burundi risks slipping into the same clan carnage as its neighbor Rwanda without international preventive action, the rights organization Amnesty International declared on Friday, Reuters reported from London.

An Amnesty International mission just returned from Burundi painted a grim picture of a country riven by the same tribal hatreds as Rwanda.

It is also polarized to the point of territorial "apartheid" after bouts of "ethnic cleansing" carried out by armed militias.

Armed factions and government forces are killing hundreds of people every month in Burundi with effective impunity as the justice system has virtually broken down, Amnesty said.

## Puma on Loose In the Forests North of Paris

Reuters

PARIS — Gendarmes backed by a helicopter are hunting for a puma that escaped from a cage at Charles de Gaulle Airport two weeks ago, the police said Friday.

The cougar, weighing about 60 kilograms (130 pounds), has been spotted several times in forests north of Paris but has managed to elude capture.

Experts said the cat, which had been flown from Latin America, was evidently frightened and was unlikely to attack people.

## Iran Clamps Lid on Riot-Torn City

Reuters

TEHRAN — The police imposed a near state of siege on the riot-torn Iranian city of Qazvin on Friday.

"Police are stationed at every 20 meters in the main streets. They stop and question people and check cars," a businessman in Qazvin said.

"We have had something like an undeclared state of siege from last night," he said by telephone, adding that sporadic gunfire could still be heard throughout the city.

The businessman said that according to unofficial reports in the city up to 13 people had been killed and 80 wounded since the riots began Wednesday over rejection of the city's demand to become a province.

## WORLD BRIEFS

### 47 Die in Russian Air Crash, Shaking Already-Troubled Aviation Industry

MOSCOW (Reuters) — Forty-seven people were killed Friday in Russia's third major air disaster this year, casting a further pall over the country's troubled aviation industry.

The Defense Ministry said an Antonov-12, a huge military transport similar to the U.S. Hercules C-130, crashed on landing at an airfield in Siberia, near the Chinese border. The 39 military personnel, two relatives of officers, and six crew members on board were all killed, a spokesman said.

The cause of the crash was not known, but the plane came down 4.5 kilometers (3 miles) short of the runway. Heavy rain was hampering the investigation.

The disaster was a further blow to Russian aviation, which has already been shaken up by the upheavals of recent years and the breakup of the Soviet-era monopoly Aeroflot. The press agency Itar-Tass said 270 people had been killed in air crashes in Russia this year and that the accident rate was significantly higher than that in other countries.

### Malaysia Bans Radical Islamic Sect

KUALA LUMPUR (Reuters) — Malaysia on Friday outlawed Al Arqam, a radical Islamic sect that has grown rich and powerful while arousing security concerns around Southeast Asia.

Prime Minister Mahathir bin Mohamad promised "to break up its communes" if the sect continued to teach its "deviantist" brand of Islam.

Al Arqam, a mystical Sufi sect with 100,000 followers that believes a messiah is coming soon before a prophesied doomsday, is now forbidden, under a decree issued by the National Fatwa Council, to run its many businesses and schools or spread its teachings.

### British Discharge 260 Homosexuals

LONDON (Reuters) — The British Defense Ministry has discharged 260 military personnel for being homosexual, according to figures made public Friday by a member of Parliament.

They included army majors, a Royal Air Force squadron leader and two chaplains. Some of those dismissed may take the government to the European Court of Human Rights and sue for damages. Defense officials say homosexuality is not conducive to good military discipline.

A Labor member of Parliament, Barbara Roche, said of the 260 dismissed since 1990, "They are treated appallingly, with investigators asking intimate questions and searching their personal belongings."

### TWA Briefs U.S. on Survival Plan

WASHINGTON (WP) — Company officials and union leaders from Trans World Airlines Inc. have outlined a survival plan to top Clinton administration officials that they hope will keep TWA flying beyond this winter.

Transportation Secretary Federico Peña and Labor Secretary Robert Reich were told that TWA's cash reserves have dwindled to just over \$100 million — considered low for a large, cash-dependent company — and that summer travel, while heavy, has not been up to expectations, according to sources.

TWA said that it would slash 3,000 jobs from its payroll. Other steps, all to be taken within the next month, include renegotiation of union contracts to cut \$130 million a year from the airline's costs, which remain among the highest in the industry despite concessions connected with the restructuring. The negotiations will focus on work rules and no further wage cuts will be sought.

## TRAVEL UPDATE

### Southern France Air Delays to Linger

AIX-EN-PROVENCE, France (AFP) — French air traffic controllers, who have caused holiday chaos in southern Europe, are to resume normal work hours starting Saturday, but weekend delays are expected to last until the end of the summer.

Controllers based in Aix-en-Provence, who had refused to work overtime since July 11, agreed to work a normal summer week of 36 hours, instead of 32 hours, from Saturday.

Having failed to obtain extra staff, they had accepted a conciliation procedure over retirement conditions and did not want to become social outcasts for the trouble they had caused, regional union official Pierre Bossey said.

British rail supervisors voted decisively against joining signal workers in a seven-week old pay dispute, in what was seen as a severe blow to the strikers' strategy. Further industrial action is planned on Aug. 12, 15 and 16, successive working days. (AFP)

Striking SAS Commuter flight attendants agreed to return to work while their union attempted a new round of wage talks. (AP)

After a glitch, high-tech baggage system twice delayed the opening of Denver's new airport, the city will spend still more money to build a low-tech alternative: the old-fashioned conveyor belt. (AP)

Six months after opening the biggest casino resort in the United States, MGM Grand Inc. has announced plans to open a second, albeit much smaller, gambling center across the street from its \$1 billion complex on the Las Vegas strip. (NYT)

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Bahamas 0800-16012	France (C2) 1-800-622-0494	9900-102-00 189-00-19	000-11000 000-11000	0800
Belgium (C2) 0800-16012	Germany (C2) 0-800-2222	00-1-89 0130-0012	000-11000 000-11000	000-11000
Bolivia 0800-16012	Greece (C2) 1-800-624-1000	00-1-89 0130-0012	000-11000 000-11000	000-11000
Brazil 1-800-624-1000	Hong Kong 001-800-333-1111	00-1-89 0130-0012	000-11000 000-11000	000-11000
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Costa Rica 001-800-333-1111	Madagascar 001-800-333-1111	00-1-89 0130-0012	000-11000 000-11000	000-11000
Cyprus 001-800-333-1111	Mali 001-800-333-1111	00-1-89 0130-0012	000-11000 000-11000	000-11000
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# THE AMERICAS / MATTER OF LIFE AND DEATH

## Survivor of 3 Wars Is Slain Trying to 'Keep the Peace' in Abortion Conflict

By Sam Howe Verhovek  
New York Times Service

PENSACOLA, Fla. — James H. Barrett flew in northern Africa in World War II, in Korea and in Vietnam, and he retired as a lieutenant colonel in the Air Force after 28 years of service. Then he took up a second career as a schoolteacher in Texas and Maryland.

So when he finally retired for good, he was 72 years old, he joked to his friends that he had earned the right to take off on every single day of every single one of the 41 golf courses in the Pensacola area.

He never came close. He was too busy volunteering for local charities, from walking in the March of Dimes to manning the Earth Day table at a local fair. And after an abortion doctor, David Gunn, was shot to death last year, Mr. Barrett became so angry that he volunteered to be an escort for Dr. Gunn's replacement, so that it would never happen again.

Having fought in three wars on foreign soil, the 74-year-old Mr. Barrett was not to survive a fourth, in his own country. He was killed along with the ood doctor July 29 as he drove his pickup truck into the parking lot of the Ladies Center, an abortion clinic. His wife, June, who is 68, was with him at the time and was shot in the arm. She was released from a hospital on Sunday. The police have charged a 40-year-old abortion opponent with murder.

In the days since the killings, much attention has been given to the man arrested, Paul J. Hill, and to the doctor, John B. Britton. Mr. Barrett, though, was part

of a wider group in Pensacola, one of more than five dozen people — many of them military retirees — willing to assume the risks of escorting women and health-care workers into the clinics. The escorts have often had to thread their way through throngs of protesters bearing placards and shouting, as Mr. Hill frequently did, "Mommy, Mommy, don't kill me!"

Mr. Barrett said he saw escorting as an extension of his military service.

"My dad was a military man, and there's a stereotype of the military man, that he's all about war," his daughter, Dandy Barrett Witty, said the other evening as relatives gathered on the back porch of the Barretts' ranch-style house. "But Dad taught me from the time I could understand that his primary mission was to keep the peace. That's what his feeling was the day he died. That's what he was doing the day he died."

Mr. Barrett himself was very direct about why he had chosen to serve as an escort. "I've spent my life doing my best for the security of my country and the people who live in it," he told a local newspaper last year. "Why should I stop now?"

Mr. Barrett was in many ways a conservative man, but the question of whether his own thoughts on abortion had undergone a transformation is complicated. Even his widow and his children say they are not exactly sure where he stood on the issue.

"My dad may not have been pro-abortion," said his daughter, Ms. Witty, "but he was most assuredly pro a woman's right to choose. He felt very strongly that she

had that right, and that she should do it safely and without harassment."

There was evidence that his opinions on other issues had grown more liberal over the years. In the 1950s, for instance, when stationed at Ellington Air Force Base in Houston, he was in charge of a review board that examined the sexuality of service members stationed there and discharged many homosexuals.

Four years ago, on his second or third date with June — both were widowed at the time — she had something to tell him.

"I just want you to know, Jim," she recalled saying, "I have a gay son who is HIV-positive. And I want you to meet him." Well, he accepted that. He got to know my son. He loved my son. The son, Arthur, died in San Francisco last year at the age of 43. Afterward, Mr. Barrett said that he had become deeply disturbed by what he had had to do at Ellington.

Mr. Barrett had been much looking forward to a 75th-birthday party in his honor, planned for Aug. 9 at the officers' club of the Pensacola Naval Air Station. "We are going to celebrate this milestone with a party to beat all parties," read the invitations.

Instead he was eulogized in a memorial service last weekend at the Unitarian Universalist Fellowship. At the service, there were tributes to his military career, and Theresa Hunter, past president of Escambia chapter of the National Organization for Women, said: "That man had more life in him than most people, regardless of their age. He was just a very vital person."

## 'New Theology' Backs Killing

By Laurie Goodstein  
Washington Post Service

WASHINGTON — The Reverend David C. Troesch, a Roman Catholic priest in Mobile, Alabama, teaches that God smiles on those who take a life to save the lives of the "unborn."

The archbishop in Mobile suspended him from his parish last year after Reverend Troesch tried to place advertisements in newspapers saying that murdering doctors who perform abortions is "justifiable homicide."

These days, Reverend Troesch spends his time on the telephone promoting what he calls his "totally new theology."

While his views are denounced by his own church and by nearly all in the anti-abortion movement, he has provided some of the philosophical underpinnings to the loose network of extremists who have resorted to violence against abortion providers. Reverend Troesch said he would not himself kill, because his role is to "teach."

He and Paul J. Hill, who was arrested last week in the killing of a clinic doctor and his escort in Pensacola, Florida, are among 25

people who have signed a declaration justifying the use of lethal force to defend "the lives of unborn children."

Although some among them claim churches and ministries, their groups are independent of mainstream Christian denominations. They include Donald Spitz of Chesapeake, Virginia, and Mike Bray, pastor of the breakaway Reformation Lutheran Church in Bowie, Maryland, who served 46 months in a federal prison for 10 bombings of abortion-rights clinics in 1984 and 1985.

Reverend Troesch said in a telephone interview that it is necessary to defend every fetus from the moment of conception. "By any means necessary," he said, borrowing the words of Malcolm X.

"Please keep in mind that if Jesus had not been allowed to be born, none of us today would have ever been allowed to enter heaven," Reverend Troesch said.

He insists that his beliefs are consistent with Catholic teaching. In June he delivered a document to the Vatican asking Pope John Paul II to weigh in on the "justifiable homicide" theory. There has been no response.

## ★ POLITICAL VOICES ★

### Clinton Takes the Rosy View of Economy

WASHINGTON — President Bill Clinton used a rain-interrupted Rose Garden ceremony Friday to claim credit for the nation's good health on the first anniversary of the passage of his economic program. "The future looks good," he declared.

Private economists say much of the current rebound would have happened anyway. But that didn't stop the White House from cheering.

"There is no sweeter anniversary than the one we are celebrating today. We didn't win by much, it was by the narrowest of margins," said Vice President Al Gore, whose tie-breaking vote in the Senate last Aug. 6 sent the measure to Mr. Clinton's desk. The bill raised taxes on the wealthiest Americans and set in motion a process to slash \$500 billion from the deficit over five years. (AP)

### Health Care: A Class Caught in the Middle

WASHINGTON — Suddenly, the faint lines of class and generation are opening up in the health care debate. In the scramble to transform the system, the poorest, youngest, and, to some extent, the oldest Americans are coming out ahead. Inevitably, some of their gain is coming at the expense of those in the middle.

"The group that is most likely to be helped least, at least as the discussion stands now, is the working middle class," said Drew Altman, president of the Kaiser Family Foundation, a private, nonprofit health care philanthropy. He said that was "a little surprising, since it was the rise of middle-class concern that put this issue on the front burner."

Nor is the irony lost on Paul M. Ellwood Jr., the intellectual father of the "managed competition" theory that Mr. Clinton has said is the foundation of his own approach to health reform. "The political driver of health care reform was not some new-found concern with the have-nots of society," he said. "The political driver was the fact that we had a very worried middle class."

It is by now well known that working people of modest income account for the largest share of the uninsured. But it is becoming just as evident that Mr. Clinton's chief proposal for covering them, a requirement that employers pay 80 percent of their health benefits, has virtually no chance of surviving intact. (LAT)

### Congress Loses Its Deficit-Cutting Zeal

WASHINGTON — Ever since Congress barely passed the president's long-term deficit-reduction plan a year ago, the political refrain among many Republicans and conservative Democrats has been that the plan didn't go far enough and that voters were demanding more spending cuts.

Yet, given the opportunity, members of Congress have shown a decided reluctance to go much beyond the strict spending strictures laid down in the Clinton plan.

Now, the House to 56 hours of unfettered debate and votes on reducing discretionary and entitlement spending has run out of steam. A highly publicized campaign to collect signatures of 218 House members to guarantee a vote on "A to Z" this year has stalled at 204. (WP)

### Quote/Unquote

Joel Beisensoo, a spokesman for Governor Mario M. Cuomo's re-election campaign in New York, on the withdrawal from the race of Howard Stern, talk radio's bad boy: "The campaign won't be the same without Howard." (NYT)

### Away From Politics

• A night-stalking Long Island sniper who apparently selects victims at random and fires through the windows of businesses has struck again, critically wounding a waitress in Stony Brook. Other shootings in nearby Commack left a diner patron dead and a gas station attendant shaken but unhurt.

• Television violence has actually increased during the past two years despite all the attention the issue has received during that time, according to a study by the Center for Media and Public Affairs, which monitored a single day of programming in Washington.

• Fire fighters gained ground on two major wildfires in central Washington, but rainless lightning storms sweeping over the Pacific Northwest started more than 150 new blazes.

• For suffocating 32 puppies on an plane crammed with animals, Delta Airlines was fined \$140,000 by the Agriculture Department. Delta packed the cargo hold of a Boeing 737 with the puppies and another 108 dogs and cats in 58 kennels on a June 6, 1990, flight from St. Louis, Missouri, to Salt Lake City, Utah. Weather delayed the flight for two hours.

• The NAACP executive director, Benjamin F. Davis Jr., refusing to yield to mounting demands that he resign, said it was within his authority to pledge association funds to pay as much as \$332,000 to settle a threatened sex discrimination suit brought by a disgruntled former employee. (NYT, Reuters, AP, LAT)

### DEATH NOTICE

Schiffman - DANIEL S.

Died peacefully at home after long illness. Formerly Executive of General Motors Overseas Corporation. Survived by wife Judith and her family, and sister Esther and her family.

## Ex-Aide Feels Heat at Whitewater Session

By Susan Schmidt  
Washington Post Service

WASHINGTON — "You crossed the line," an impassioned Senator Donald W. Riegle Jr. told the former White House counsel, Bernard W. Nussbaum, by putting pressure on Deputy Treasury Secretary Roger C. Altman to keep his decision-making power over an investigation that involved President Bill Clinton.

"I think you had no right to inject yourself in Roger Altman's consideration of whether he should recuse himself," shouted Mr. Riegle, Democrat of Michigan, who heads the Senate Banking, Housing and Urban Affairs Committee.

"This was one time when you should have bit your tongue if you had to bite it in half and not stick your nose in that decision."

Mr. Riegle said he had no doubt that Mr. Nussbaum's pressure tactics led Mr. Altman, a friend of Mr. Clinton's, to change his mind in February about whether to recuse himself from the highly sensitive case. At the time, Mr. Altman was acting head of Resolution Trust Corp., an independent agency created to clean up savings and loans institutions.

Mr. Riegle's outburst on Thursday night was a dramatic highlight of five days of marathon testimony before his committee. Both House and Senate banking committees are looking into how White House and Treasury officials responded to

the Resolution Trust Corp.'s investigation of Madison Guaranty Savings & Loan, owned by the Clintons' business partner in the Whitewater real estate venture.

Mr. Nussbaum, who resigned from the White House last spring, defended himself by saying that Mr. Altman only considered recusing himself from the Madison case because "he didn't want to take the heat." For him to recuse himself, Mr. Nussbaum said, "was totally unprincipled."

Mr. Nussbaum appeared jovial at the start of the verbal assault but grew increasingly grim as senator after senator attacked him.

"Instead of being a strong man like you are," Mr. Altman "backed down," Senator Richard C. Shelby, Democrat of Alabama, told Mr. Nussbaum. "I think he was afraid. I think you helped him make the wrong decision."

### Lawyer Unaware of Tape

A federal regulator accused of seeking to change an embarrassing finding in a Whitewater-related investigation testified Friday that she did not know her statements to an investigator were being tape-recorded. The Associated Press reported.

Republicans have accused April Breslaw, a Resolution Trust Corp. lawyer, of telling a criminal investigator that her bosses would like to conclude that the Clintons' Whitewater land venture had not caused a



Bernard W. Nussbaum during Senate testimony on Friday.

loss to a failed Arkansas savings and loan.

The RTC investigator, L. Jean Lewis, had already concluded otherwise in criminal referrals that had been forwarded to the Justice Department for possible prosecution.

Acknowledging that her conversation with Mr. Lewis on Feb. 2 was tape-recorded, Ms. Breslaw told the House Banking Committee Friday that her statements came in a "cursory and unimportant chat" that she only vaguely recollected.

## A Jittery House Delays Health Vote

By Adam Clymer  
New York Times Service

WASHINGTON — House leaders have put off a vote on national health insurance until Aug. 19, a delay that is likely to give nervous representatives time to see how the Senate votes before they have to stake out their own necks on the politically dangerous issue of requiring employers to insure their workers.

Democratic leaders in both the House and Senate insisted Thursday that they were not basing decisions on what was going on in the other chamber. The reason given for the one-week House postponement was the time it was taking legislative draftsmen and the Congressional Budget Office to process various alternatives.

But Democratic lieutenants made it clear that the delay would bring sighs of relief in the House.

Many Democratic representatives are hoping the Senate preserves the concept of employer payments, even as a last resort, before they vote on a bill under the House bill. The Senate measure would not require them to do so.

If the Senate protects its employer-financing provision against Republican efforts to kill it, said Representative Benjamin L. Cardin, a Maryland Democrat and an important

vote-counter, "that would certainly offer momentum to our side."

Lawmakers in both chambers are especially touchy about employer financing because whichever way they vote they risk alienating small businesses, which oppose the concept, or the public, especially union members, which favors the concept.

In the Senate, while no one was about to claim victory on the issue, supporters of the Senate bill, put together by the majority leader, George J. Mitchell, Democrat of Maine, were increasingly confident that the Democrats could prevail on that pivotal question.

### House Delays Crime Bill

Kenneth J. Cooper of The Washington Post reported from Washington:

The House has put off final action on a \$30 billion crime bill until next week, primarily because conservative Democrats have united against an assault weapons ban contained in the omnibus legislation.

Conservative Democrats, backed by intense National Rifle Association lobbying, have remained opposed to a procedural resolution that would allow a final House vote on the crime bill. About 30 conservatives who met Thursday stuck to their position that the ban on some military-style weapons be voted upon separately.

## California Investigating Detectives for Simpson

Reuters

LOS ANGELES — Private detectives hired by O.J. Simpson's defense team under investigation by a California state agency because they are not licensed to operate in the state and may be breaking the law, an official said.

The California Department of Consumer Affairs is conducting its inquiry into three investigators who were hired from out of state to help Mr. Simpson, said Louis Bonisignor, an agency spokesman.

Mr. Simpson has pleaded not guilty to murdering his ex-wife, Nicole Brown Simpson, 33, and her friend Ronald L. Goldman, 25, who were stabbed and slashed to death outside Mr. Simpson's Brentwood townhouse the night of June 12. Mr. Simpson, 47, is scheduled to stand trial Sept. 19.

The three detectives are also the subject of a complaint by

the Los Angeles County Criminal Investigator's Association, which has issued a cease-and-desist order against them. "These three gentlemen are not licensed to operate in the state of California," Mr. Bonisignor said in a telephone interview from Sacramento, the state capital. "That is a matter of public knowledge."

He said the investigation into their activities in Los Angeles was being conducted by the Consumer Affairs Department's Corrections and Investigative Services branch.

### Yeltsin to Visit Ukraine

The Associated Press

KIEV — President Boris N. Yeltsin of Russia will travel to Ukraine on Aug. 29 to meet with the country's new president, Leonid S. Kuchma, and sign a trade and economic accord, officials said Friday.

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Herald Tribune

### U.S. Discloses Gas Tests

The Associated Press

PADUCAH, Kentucky — Workers at a uranium plant in Kentucky intentionally released radioactive gas into the air in 1955 and 1974 to see how the wind would carry it, the Department of Energy said. The plant's contractor, Martin Marietta Energy Systems, said the amount of radioactive material was insignificant.



# Herald Tribune

PUBLISHED WITH THE NEW YORK TIMES AND THE WASHINGTON POST

## A Korean Deadline Nears

The United States resumed high-level talks with North Korea in Geneva on Friday with some hope that the new Korean leadership will stay on a constructive negotiating path. But a deadline looms that could throw the talks off track. The hope stems from the North's readiness to resume talks so soon after the death of Kim Il Sung, the only leader it had ever known, and from an editorial in the government-run newspaper that is unusually conciliatory by Pyongyang standards.

The deadline is imposed by corrosion of the spent nuclear fuel rods recently removed from North Korea's reactor at Yongbyon. That could eventually expose workers and international inspectors to radiation or flash fire.

Unless this danger can be alleviated promptly, the North Koreans are threatening to start reprocessing the spent fuel next month, thereby generating plutonium that can be used to make bombs.

Fortunately, there are ways to solve the corrosion problem, or at least delay its onset. But they require North Korean cooperation, which is likely only as part of a broader deal with the United States.

The United States would like to relocate the rods to a third country for reprocessing, thereby denying their bomb-making potential to the North. But as its price for giving up the material, North Korea is likely to insist on diplomatic recognition and security assurances. It is also intent on eventually receiving a new light-water nuclear reactor and help with its electricity needs in the meantime.

There are ways to retard the corrosion while such a deal is being negotiated. The cooling ponds can be chilled, replenished with pure water and have their acidity reduced. Alternatively, at much greater effort and expense, the rods can be removed from the ponds and stored in dry canisters, where they corrode more slowly.

As part of an ultimate solution, replacement of the North's existing reactors is worth pursuing. The United States is considering arrangements for Russia or South Korea to provide a light-water reactor, financed in part by Japan. Such a reactor is somewhat less vulnerable to misuse than the graphite reactor North Korea now has. It is marginally more difficult to divert nuclear fuel from it, and the North would have to rely on others to supply fuel, making the North more susceptible to outside influence.

What happens in the six years or more that it takes to build a new reactor is critical. These intervening years would provide a true test of North Korea's willingness to give inspectors unimpeded access to its nuclear sites.

The North would also have no need for reprocessing facilities, which could be dismantled. Nor would the North need to complete its new graphite reactor, a threat because it would generate plutonium once it is up and running. But while it is pursuing these technical solutions, Washington must not slight the diplomatic and political arrangements to make them workable.

—THE NEW YORK TIMES

## Arafat's Discouraging Move

Yasser Arafat likes to tell interviewers that the Palestinian state he envisions will not resemble the stifling autocracies so common in the Arab world. And Palestinians who have seen close up the freedoms enjoyed by Israelis would like to hold him to that vision. But the early evidence from the self-rule areas of Gaza and Jericho is discouraging.

On July 25, reportedly on Mr. Arafat's personal orders, officials of his Palestine Liberation Organization shut down An-Nahar, one of the two main newspapers in the occupied territories. It was a blatant case of political suppression. An-Nahar is pro-Jordanian. Al-Quds, its surviving rival, generally supports the PLO. An-Nahar was charged only with failure to renew its circulation license. But other publications, including Al-Quds, say no such licensing system exists. An-Nahar's real offense was its pro-Jordan editorial stance—or, as the PLO put it, having "a line that contradicts the national interests of the Palestinian people."

In one case of conflict, Jordan and the

PLO have competing claims on Jerusalem's Muslim religious sites. Last week, Israel intensified their conflict by promising to give "high priority" to the Jordanian monarchy's historical role as custodian of these sites.

But anger over these developments cannot justify the suppression of An-Nahar. Hanan Ashrawi, the former Palestinian negotiator, rightly calls the closure "a clear violation of freedom of the press and freedom of speech."

Mr. Arafat's peace with Israel does not depend on his tolerance for democracy. Nor does the closing of An-Nahar foreclose the possibility of political pluralism under PLO rule. Elections in the occupied territories scheduled for this year will be another important test.

Other Arab states shut down newspapers regularly, and Israeli occupation authorities did too. But Mr. Arafat said a PLO government would be different. Perhaps when he calms down he will change his mind about An-Nahar.

—THE NEW YORK TIMES

## Keeping Air Costs High

Subsidies always make competition less fair, and they often make it impossible. The huge amounts of money that several European governments are pumping into their airlines in a frantic effort to keep them alive constitute grossly unfair competition with all the airlines—the Americans and some of the other Europeans—that get no government support. Europe is supposed to be moving toward full deregulation of airlines over the next three years. But that cannot happen until European governments—above all, that of France—bring themselves to abandon the idea that there can be no failures, no consolidations and not even any layoffs in the airline industry.

The European Union reluctantly approved last week a \$3.5 billion subsidy to the French government to Air France. Since these things are contagious, at the same time it similarly approved a \$2.3 billion bailout by the Greek government of Olympic Airways. Earlier in July, TAP Air Portugal got approval of more than \$1 billion in government aid.

Airline deregulation is proving to be excruciating in some European countries. It is not only that most have their own national flag carriers and are desperate, for reasons of prestige and sentiment, to keep them aloft. It is also that some

Europeans, notably the French, do not accept the idea that competition ought to be allowed to cause layoffs.

Air France is notorious for its low operating efficiency and its huge losses. The government had appointed a chief executive with a mandate to get its finances under control. Last fall he brought out a plan that called for wage cuts and, inevitably, the elimination of several thousand jobs. The immediate response was a series of strikes that paralyzed French airports. The government quickly buckled, accepting the new chairman's resignation and, in the interest of social peace, utterly abandoning his plan. That is why this summer's enormous subsidies have become necessary.

The chairman of British Airways, which gets no subsidies, called this rescue of his competitors a grave setback to the development of a free market in air transportation. The U.S. secretary of transportation, Federico Peña, made the same point. The French apparently would prefer a return to the cartel that used to govern the international airline industry in stately (and expensive) serenity. But that would reimpose a burden that most governments and nearly all air travelers long ago found to be intolerable.

—THE WASHINGTON POST

## Other Comment

### Courage in Warsaw

On Monday, President Roman Herzog of Germany accomplished a transaction between two countries that can be difficult even between two estranged friends. In Poland on the 50th anniversary of the Warsaw Uprising, Mr. Herzog said: "Today, I bow down before the fighters of the Warsaw Uprising as before all Polish victims of the war. I ask for forgiveness for what has been done to you by Germans." Mr. Herzog did not go as far as politically possible.

He went as far as humanly necessary. President Lech Walesa was wise not to defer to the feelings of those who thought no German should be in attendance on this occasion. "We do not give absolution to the murderers in Warsaw," Mr. Walesa said, "but we do not pass those feelings upon the German nation." If Mr. Walesa had fallen short of his own difficult standard, if he had not invited Mr. Herzog, this anniversary could have been just one in an endless parade. Courage made it historic.

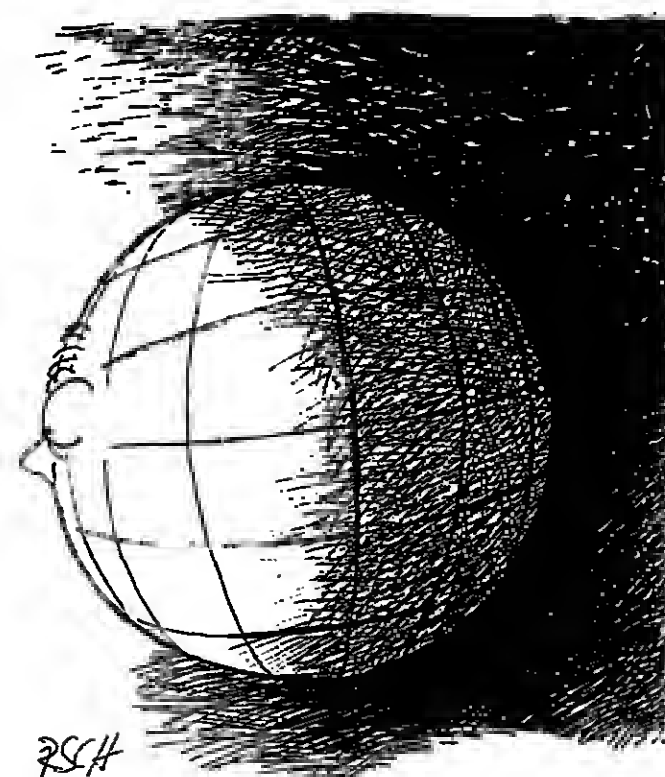
—LOS ANGELES TIMES

## Do We Really Need to Start Bracing?

By William Pfaff

and our planet quite small. Thinking ahead, as I am sure Mr. Brown is doing, I would imagine that as the purpose of finding the killer comet is to deflect it away from us, another

beings from space who might be morally confused mortals like ourselves. Programs for monitoring space to bear alien radio transmissions seem to assume that beings on other planets will have a message for us. It is hard not to see in this the secularized scientist's search for angels.



program will be needed to develop a suitable rocket and atomic munition for displacing killer comets from their course. I am confident that nothing in the present American arsenal would be found suitable.

Space is glamorous and possesses the mystery of infinity—literal infinity, that which lies beyond the observable galaxies: offering divine mystery. I have always been struck by the interest scientists take in the possibilities of life elsewhere in the universe. They do not seem to approach this in the detached way that they might explore the rain forest for unknown animal species.

The search for intelligence in space has nearly always an emotional charge, expectation either of redemption or of submission. The world faces either alien attack—the theme of H. G. Wells, his imitators and hundreds of fictional and film fantasies—or redemption through benevolent alien intervention in earthly affairs. We are expected to meet superior beings who can show us the way to peace, a new and more enlightened way to live.

We seem unprepared to meet

The discussion of infinity inevitably introduces theological questions. Why does the nation with the highest levels of religious belief and church-going in the Western world so fear the world's end as to finance a NASA program whose aim is to prevent that from occurring? If God in his inscrutable wisdom—or even an inscrutable indifference—as some would argue—has launched a comet to destroy us, why is Congress to make its puny effort to thwart Him? Is this not presumption?

I realize that there is no difference in principle between using an atomic explosion to deflect an earth-bound rocket and using an antibiotic to save an individual life. But I am less interested in the theology of the matter than the proportionality. At some point the world will come to an end. The sun will be extinguished. In the knowledge of this, I would think congressional as well as individual attention is better devoted to how we live now than to preventing the eventually inevitable.

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## Clinton Did the Deed and So America Subsidizes China's Army

By A. M. Rosenthal

NEW YORK — Two months ago, President Bill Clinton wiped out Asian human rights as a political, economic or diplomatic concern of his administration's foreign policy. He did this with the help and guidance of the American China lobby, which pays for its business profits in China by supporting the interests of the government in Beijing.

But only the president could actually do the deed and only in one way—by tearing up promises he had made before and after the presidential campaign, including his own executive order. That was the one all about how the mini-

mum trade tariffs China enjoys would be raised unless Beijing allowed Chinese and Tibetan citizens some relief from forced labor, political arrest, prison torture and religious persecution.

China, sensing the sponginess of the president's commitment to human rights before many of us who voted for him, did not give him an inch. So he caved.

Why he did it do not know or perhaps he did not want to believe. Mr. Clinton learned long ago how important the money and support of major corporations are at elec-

tion time. American politicians learn this. But not all go along, not on an issue of honor and heart.

At least 100 members of the House of Representatives have stated their readiness to resist the pressure of the China lobby, the president and Beijing. Next week they will vote for legislation to raise the trade tariffs subsidizing the exports of the Chinese Army to the United States—yes, the Chinese Army.

How many more will join them depends in good part on how many Americans really care.

Once the tariff pressure was off, the Chinese repaid Mr. Clinton as he and the lobby could have foretold—if they had cared. The noose has tightened on all dissent activity, reports Human Rights Watch/Asia. And the political branch of the conference of American Catholic bishops says that religious persecution is increasing and so is forced abortion.

China is cashing in big. This year it will sell Americans \$30 billion more than it buys from them. Meanwhile Beijing, according to the CIA, is the chief nuclear supplier to Iran and the major missile salesman to Syria and Iran; it still tests nuclear weapons and is the only major nuclear power to increase its military budget.

Here is the civil comedy: The U.S. consumer is supporting the growth of the Chinese "People's Army," which is both the major instrument of Chinese power abroad and the major weapon of repression at home.

Are we all total fools with no commitment to human rights or even our own interests? No, not all of us—not the bishops, not the AFL-CIO, not the human rights groups, and not those members of Congress getting ready for next week's fight.

One of them, Gerald Solomon, Republican of New York, has introduced one-paragraph legislation: Reject the president's decision, raise the tariffs. It won't win but, oh, what a pleasure it would be to vote for him in November.

The other representatives have put together compromise legislation that targets principally those products manufactured by the network of thousands of plants owned by the Chinese Army.

The administration is now so trapped by China that, along with the China lobby, it is fighting any human rights move against the forced-labor economic power of the Chinese military or its subsidization by U.S. law tariffs.

The Chinese Army's products range from guns exported by the thousands to America to machinery, furniture and clothing—often produced by workers paid in prison gruel. That wipes out American competition and makes for huge profits that go to leading Communist Party families, the party itself and the army.

All around Asia other countries are delighted with the signal from Washington—forget that human rights stuff; when it comes to trade, America does not care.

American voters have a choice. They can phone or fax their minds to their representatives about subsidizing the Chinese Army. Or they can go on making Chinese generals' marries, more stuffed with American billions and more powerful militarily. Either way, one day the news of the American choice will get to the Chinese and Tibetans in their subsidized torture cells and labor camps.

The New York Times

## Warsaw Lost, but Its Struggle Mattered

By Leopold Unger

BRUSSELS — In the summer of 1944, the dilemma facing Warsaw's residents was not unlike that facing the people of Paris.

General de Gaulle was convinced that the liberation of France must not happen without French participation, without a national uprising, without some role for the French in winning back their independence. And the French Resistance was persuaded of the need to make a proclamation.

### 1944 POLAND 1994

tion in Paris of French sovereignty over the territory liberated from the Germans and the Vichyites.

The beginning of the Paris uprising, on Aug. 19, 1944, was linked to the Allies' offensive, even if it was not officially coordinated with them. Five days later, General Dwight Eisenhower ordered the all-French Leclerc Division to begin its march to Paris, a decision made both at General de Gaulle's insistence and under pressure of events. As one of the general's men said, the French capital had to be saved from Warsaw's fate.

The question had arisen in Warsaw, with the Red Army approaching in late July: Was there to be liberation without an uprising, or liberation through an uprising? The Poles, hoping to gain control of their capital before the Red Army could do so, revolted against the Germans. But Warsaw's fate was quite different from Paris's. Warsaw burned.

There was no Eisenhower or de Gaulle, no support or salvation, waiting across the Vistula River. Stalin was there. And he allowed Hitler to liquidate Warsaw, refusing to permit the Western Allies to use his air bases to airlift supplies

to the desperate Poles. Like the Polish state in 1939, Warsaw was hit from both east and west.

Debate over the Warsaw Uprising continues. For a half-century, censors muted those Polish historians who contended that an uprising was necessary to halt a Soviet takeover. The Communists blamed the horrible toll (200,000 lives lost, the city flattened) on "the fascists" who had given the order.

But the message and the lesson of the uprising survived. During those long Stalinian nights, the Poles remained convinced that had it not been for the Warsaw Uprising, the war's end would have seen Poland become the newest Soviet republic.

It is always difficult to justify a defeat. But today, the Poles can say—as they have had to do so often in their tragic history—that some defeats mean more than some victories, that they can forge or strengthen a sense of nation, and that they remain in the collective memory as essential steps on the path to freedom.

When the uprising began, and throughout its 63 interminable days, Warsaw was an island, an enclave of freedom between two totalitarian states.

On Aug. 1, 1944, the stakes were clear beyond debate: The uprising was necessary for independence, in the face both of German domination and Soviet expansion (the Soviet Union had already assumed direct control of eastern Poland). But final success came only 50 years later. Today it is not presumptuous to say that, without the uprising, the long wait (or liberty would have been longer still—not

only for the Poles but for the Germans and Russians as well.

Postwar German leaders have recognized the importance of this. Just as Willy Brandt, in 1970, knelt humbly before the monument in the Warsaw Ghetto, Roman Herzog, 24 years later, struck a truly somber tone in marking the sacrifice of the island's defenders. Thus, a dramatic page in the history of German-Polish relations could be turned once and for all.

Why did Boris Yeltsin, the man who cleared the path to democracy in Russia and who acknowledged the horrible truth about the 1940 massacre of Polish officers in the Katyn forest, decline to come to Warsaw? Why would he not salute the memory of those who died in the struggle against totalitarianism?

Moscow offers no official answer. But privately, it is said that while the Katyn massacre can be laid at the feet of the NKVD, predecessor to the discredited KGB, the Warsaw "operation" was an army affair. And the Russian Army refuses to face up to its responsibility. Mr. Yeltsin, who has had to show his "understanding" of the generals' feelings more than once, has yielded yet again.

It is a pity. Had he acknowledged and accepted responsibility for this dark chapter of Russian history, he would have helped Russia to come to grips with its complexities and to put to rest the lingering doubts.

War does not end with the final cease fire, nor even when a peace treaty is signed. A war ends when its consequences have faded away—and above all, when its root causes finally disappear.

International Herald Tribune.

## Where Development And Population Meet

By Stephen S. Rosenfeld

WASHINGTON — To look in on current official and expert thinking about the world population problem is to become aware of a disappearing act that has transformed and muted much of the common public understanding of this issue.

Gone is the old emphasis on population and family planning programs. These are the things that the inattentive among us had thought still defined the American approach to population—and that have led to a certain strained public focus on the opposition of the Roman Catholic Church to some of these programs.

A State Department planning paper prepared for the third United Nations population conference, which opens next month in Cairo, dryly notes: "These programs have periodically drawn criticism for narrowly focusing on lowering birthrates and insufficiently addressing human rights, women's health and cultural differences."

It is to these latter matters that the U.S. government and the population establishment have now turned. Trace the arc of the population conferences: the United Nations puts on every 10 years. The first, in Bucharest in 1974, saw the United States determinedly advocating slow growth rates even as a then redistributionist and anti-capitalist India insisted for the developing countries that "development is the best contraceptive."

By the second conference, in Mexico City in 1984, poor countries were acknowledging a need for population programs. But—this was Ronald Reagan's time—the United States pronounced population a "neutral factor" and scaled back family planning efforts worldwide.

Cairo in 1994, says the departmental planning paper, is a conference with a newly broadened focus on population—and development, and marks a "new international consensus."

It reflects (1) a response to women's groups and citizens of developing countries, (2) a broad agreement that development and family planning work best in tandem and (3) recognition that population growth contributes to environmental degradation.

The paper says it is "widely acknowledged that family planning should be provided as part of broader primary and reproductive health initiatives and that population policy should encompass economic opportunity for women and elimination of legal and social barriers to gender equality."

It is a fair cry from the old

concentration on family planning. Many of us have followed and sometimes been numbed by the ongoing debate pitting, in its most extreme form, two men against each other: Paul Ehrlich, a neo-Malthusian, has argued apocalyptically that population growth overwhelms resources. Julian Simon believes population growth unlocks resources—the more people, the more geniuses.

Off camera, so to speak, a more moderate and balanced school has been forming. Its views have been collected by the Overseas Development Council in an aptly titled study, "Population and Development: Old Debates, New Conclusions." Presumably this expert consensus arises from intellectual engagement, not just fatigue. It colors official State Department thinking, too.

Population growth is not the overwhelming affliction for developing countries that some have claimed, says the ODC study, but it should not be regarded with equanimity either. At the individual and household level, there are clear negative effects of population growth under conditions of high fertility, though when you look at all the forces at work in the economy, matters are less definitive. Circumstances are important.

These "new conclusions" sound fair enough to me. But at the point where issues of population intersect with issues of environment, it becomes necessary to ask whether the conclusions are new enough. The development council report finds this the most difficult part of the whole assessment, concluding—the way people do when they are really stumped—by restating the problem.

The impact of rapid population growth on the environment is a favorite theme of the State Department's undersecretary for global affairs, Tim Wirth. A spokesman for the now-vogue concept of "sustainable development"—growth without degradation—he shifts the burden of environmental protection from global population growth to America's own "growing capacity to consume resources and produce wastes." That is, he shifts the burden from "them" to "us."

Global population growth seems to me the palpable, undeniable, in one measure or another a threat. America's "growing capacity to consume resources and produce wastes" seems a disparagement of what others celebrate as the U.S. economy. If this is part of what the United States is bringing to Cairo, not all of us are ready for it.

The Washington Post.

## IN OUR PAGES: 100, 75 AND 50 YEARS AGO

### 1894: Resentful Clergy

PARIS — That conflicts on religious questions are always the most difficult of settlement is once again proved in the case of Hungary. It will be remembered that a desperate resistance was made by the bishops to the new law authorizing civil marriage. But the lower clergy, who had been excited and who do not understand much about Parliamentary finesse, have turned their anger upon the bishops and the nobles. Indeed, the agitation has assumed such proportions that the intervention of the Pope appears to be not only desirable but even inevitable.

### 1919: Low Skirts Prevail

NEW YORK — The first American fashion show of the season was given here last night [Aug. 5] under the auspices of the Na-

tional Garment Retailers' Association. It was manifest that American designers are not in favor of knee-length skirts, all the models shown being about eight inches above the floor.

### 1944: No-Man's Florence

ROME — [From our New York edition:] The greater part of medieval Florence, the city of the Medici, is a no-man's-land today. [Aug. 5], with German guns entrenched in the hills two miles north of the city and 8th Army troops camped in its southern outskirts. Five of Florence's six old bridges were blown up by the retreating Germans. Fortunately they spared the loveliest of all, the Ponte Vecchio. It may never be known whether the Ponte Vecchio was spared out of respect for its artistic value or because it is too narrow to permit the passage of large vehicles.

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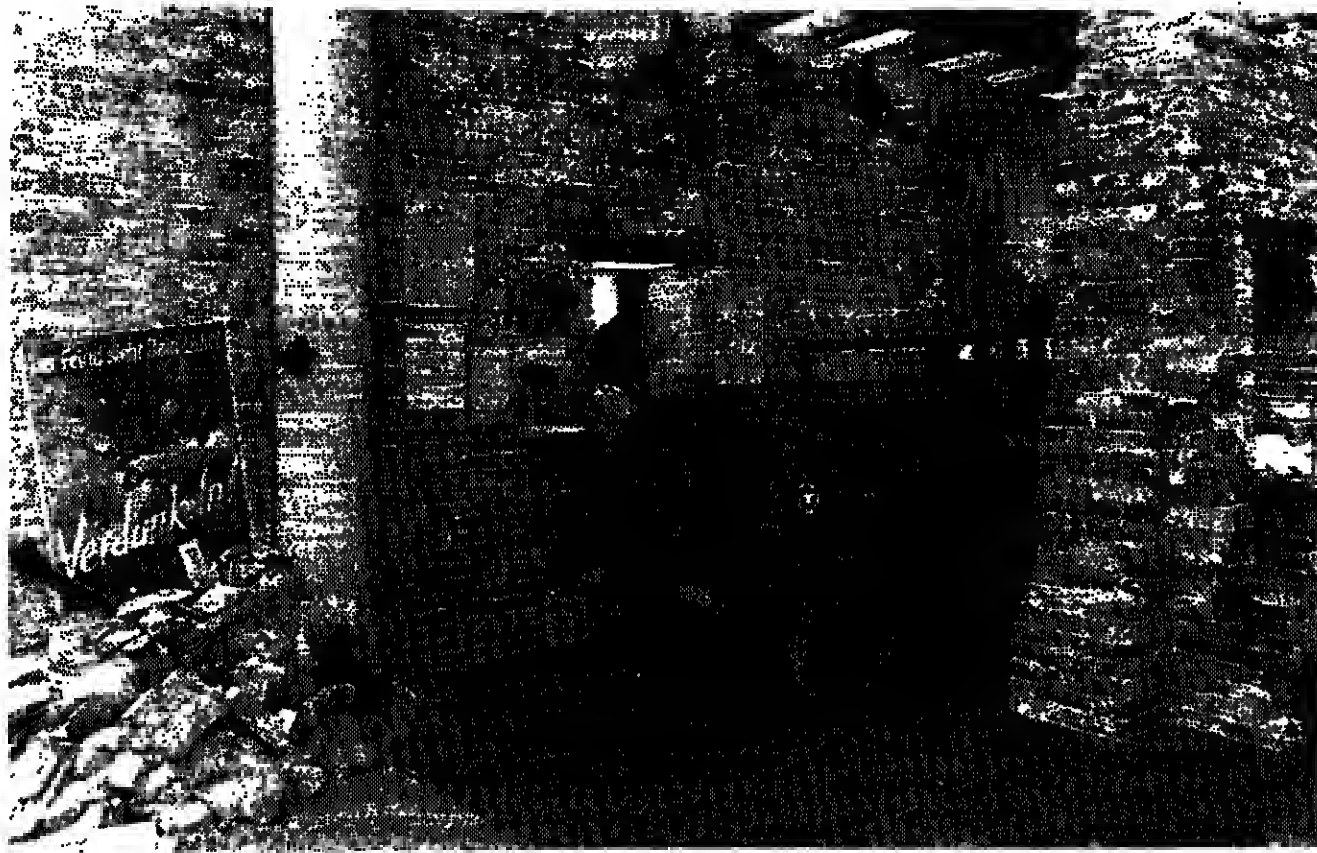
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## ART

Saturday-Sunday,  
August 6-7, 1994  
Page 6

An American Jeep amid wartime setting on display at the Museum of History of the Federal Republic in Bonn.

## Probing Modern Germany's Soul

By Michael Lawton

**B**ONN — What is a German? That is a question that has never ceased to fascinate the Germans since Germany was a mere conceptual identity scattered throughout a number of principalities and with a considerable diaspora in Eastern Europe. Now Chancellor Helmut Kohl has given his people a new answer with the Museum of the History of the Federal Republic of Germany.

Kohl proposed the idea in 1982 as a way to help young Germans appreciate the roots of the democratic Federal Republic. The museum uses modern techniques to make history come alive. You can sit on the original seats in a reconstructed Bundestag debating chamber with parquet floors laid by the son of the man who laid the original; or go into the public gallery where there are 1950s television cameras, look through them and see original debates.

There's a cinema, where you can watch old newsreels and sentimental films. There are historical relics: Konrad Adenauer's official Mercedes, the rustic wooden chairs and table at which Kohl and Mikhail S. Gorbachev, the former Soviet leader, sat in the Caucasus as they negotiated German unity, and a news agency camera whose lens was smashed by the Stasi at a Leipzig demonstration in 1989.

It's a museum for the senses. Twenty-seven hours of film and video material have been woven into the exhibition. Everywhere there are things to touch, drawers to pull out, headphones to put on. Many people will go just to see things they threw away when they went out of fashion, from

kitchen utensils and standard lamps to old newspapers. The user-friendly museum is reached directly from the subway station. There is also a café serving German regional cuisine and a computer linked to the national employment office to get job information.

Initial fears that the museum would be too deeply influenced by the views of its initiator, Helmut Kohl, who has a doctorate in history, have proved groundless. Instead, a variety of committees representing every establishment interest has ensured that the museum offends no one, to the extent that many of its explanatory texts are bland. Party politics take up rather too much space, although feminism, the movement against the Vietnam War and the Baader-Meinhof terrorists have their little corners.

**B**UT, as befits an establishment history, only those elements acknowledged by the establishment have a place. Where, for example, are the anarchist squatters and the punks begging at railroad stations?

The museum does not give a wholly rosy picture of German postwar history. The trials in the 1960s of the SS guards at Auschwitz and the riots in Rostock in the 1990s have their little corners. The German people are not always shown at their best. Beneath the historic photo of Willy Brandt kneeling at the Warsaw Ghetto monument in 1970 is the Spiegel opinion poll showing that a majority saw the gesture as exaggerated.

There is no denying the tough start that the new republic had. The exhibition starts in the rubble, with newsreels showing children trying to find their parents. A black-

painted room tells briefly and movingly of the horrors of Nazism. The rubble, the reconstruction and then the economic miracle are imaginatively and generously presented. But the nearer you come to the present, the cooler the exhibition becomes until with the final section, on Germany in Europe, the atmosphere and the blue-gray color scheme become positively icy. This is evident in the treatment of German unity.

Indeed, German unity has been a problem for the museum. When Kohl made his proposal in 1982, he mentioned "the divided nation," but that was before anyone expected reunification. Six weeks after the foundation stone was laid in 1989, the Berlin Wall fell. There were some who immediately called the whole project into question, but, as Kohl said at the museum's opening in June, the democratic origins of the Federal Republic are just as important to the future of a united Germany as they were for the West on its own.

The museum's makers said a new concept wasn't necessary, just a sharpening of details, since they had always intended to show life in the East. In the event, East Germany is largely found along the edge of the museum, behind steel mesh barriers, with exhibits designed to prove that West Germany was better all along.

East German historians, who were not invited to join the academic advisory board, have made a number of serious criticisms of factual inaccuracies, and have attacked the impression conveyed that a normal civilized life was scarcely possible in the East.

Michael Lawton is a free-lance writer based in Germany.

## German Pre-Impressionists

International Herald Tribune

**L**ONDON — In a sequence of 90 pictures on view at the National Gallery until Sept. 4, the strange journey that took 19th-century painting in German countries to the threshold of modernity has been mapped out for the first time.

"Caspar David Friedrich to Ferdinand Hodder: A Romantic Tradition," as the show is called, is a somewhat misleading

SOURIN MELIKIAN

title. It hardly does justice to the enigma posed by the aesthetic split personality case that affected the major stars of German art. There was the public facade and then there were the revolutionary small sketches they somehow produced behind the scenes.

Friedrich, the best-known of all, carried it to extremes. Early on, he seemed destined to become one more among scores of highly skilled, if not particularly remarkable, painters in the 18th-century tradition. Born in Greifswald on the Baltic Sea, he was only 20 when he began his artistic training at the Copenhagen Academy in 1794. There, Friedrich acquired a very precise manner. This comes through even in the crayon portrait of his father which he drew in 1801, three years after he had settled in Dresden. It is superbly done and instantly forgettable.

Then came the influence of Romantic ideas, feverishly discussed in the circles in which he moved. Friedrich developed a theory on the "authority of emotion" and conceived landscapes fraught with weighty symbols. In a "Port by Moonlight," that was painted in 1811, sailing boats at anchor on a dark sea have masts and ropes outlining elongated triangular figures that resemble the church spires in the distance. The allegory of the boat as a Gothic cathedral sheltering believers on the ocean of life hardly needs to be spelled out. Luckily, Friedrich did not stop there.

**T**HAT same year, he painted a "Landscape with Oak Trees and a Hunter," that could have been executed in a different age. Although inspired by Rousseau's landscape in the Dresden Generalgalerie, it is utterly different. Friedrich's composition does not have a focal center. The landscape runs in a continuous line with no beginning or end, like some black lifted out of real nature. This is the photographic vision before the camera came into existence. Reality, observed with the pleasure of a jeweler carefully chiseling detail, was entering European art.

But there was much more to it. Seven years later came one of Friedrich's most remarkable landscapes. His study of a "Woman on the Beach of Rugen" is probably the earliest European beach view. One can almost feel the wind making ripples over the vast expanse of sea and curbing four tiny sailing boats over the dark surface done in touches of green. White cliffs appear on the horizon. A woman, her back turned to the viewer, leans on a low boulder in the foreground. This is an entirely new way of looking at nature, worthy of Boudin and early Impressionism.

By the late 1820s, the new perception had taken Germany further down the road to modernity. Carl Blechen's study of "The Ruins of Septizonium in Rome" done in 1829 shows crumbling walls and arches in sandy ochre and green under a pale blue sky. The suggestion of a southern city in the harsh noontime glare calls to mind Corot's landscapes done about the same year.

By the mid-1830s, Blechen was stealing a march on Courbet's work with which he does not seem to have been acquainted. In "Monastery in the Wood," his realism is tempered by the broad brushwork. The corner of a cloister goes right up to the top of the canvas blocking out the sky. Unkempt trees rise in the foreground. No attention is given to detail. From here to pre-Impressionist French realism in the 1860s the distance is short.

The zeitgeist was pushing in that direction. Moves were being made from every corner, including southern Germany. One of the most wonderful studies in the show is by the



Von Menzel's "Head of a Peasant with Three-Cornered Hat" in London show.

Bavarian Johann Georg von Dillis. The "View of Prater Island at Munich" is all about light effects in the foliage of huge trees. It teeters on the brink of Impressionism as early as 1820 or thereabouts.

The astounding Adolph von Menzel, perhaps the greatest revelation in the show, finally closed the gap with Impressionism, even if in confidential studies not for display. Nothing in Von Menzel's training might have led one to expect such boldness. He never intended to become an artist in the first place. He became head of the family printmaking business at 17 when his father died in 1832 and set about learning about engraving. He was prolific. Between 1839 and 1842, he produced 398 wood block illustrations for a "Life of Frederick the Great." He went in for large-size historical paintings; and later drilled toward subjects dealing with more recent events in Prussia.

**C**URIOSLY, the trigger to Von Menzel's creative genius was his careful recording of daily life that he used for creating historical characters. His portrait of a man wearing a three-cornered hat in 18th-century style is done with a vigor and a penetrating psychological insight that make it a masterpiece defying labeling.

The artist's supreme achievement is a small study of Berlin townsmen painted in 1847 or 1848 from the window of his

apartment. He jotted down colored impressions in quick dabs of paint. Von Menzel always retained this bold vision. Twenty years later, he painted another view from an apartment window, different but equally inventive and modernistic. The open window occupies much of the composition. Beyond, a haze of green leaves rises from below in a courtyard. At left, the upper section of an apartment house is an excuse for a study in color variations on a wall surface, mostly in shades of mellow ochre.

Far from Berlin, in Munich, Carl Spitzweg was treading his own path to alternative Impressionism. "The Painter in a Garden" done in a palette of sunny greens heralds the later work of Monet. The brushwork is sketchy, but more dainty and more careful. Even the idea of touches of red for a few roses to liven up the green could be Impressionist. But if current art historians are to be trusted, the date could be as early as around 1850.

The discovery of this other Impressionism bubbling beneath the surface in Germanic lands without any contacts with the French schools is gripping. Works such as these are hardly ever seen outside Germany or Switzerland. True, the forerunners of Impressionism must be picked out of a mass of other paintings, many of crass conventionality, from Arnold Böcklin to Jacques-Louis Agassiz. Romanticism, more than once, is a fig leaf for kitsch. But the price is worth paying.

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FARE: Chaos on the Elec-  
tronic SuperhighwayBy Winn Schwartz. 432 pages.  
\$22.95. Thunder's Mouth.Reviewed by  
David Nicholson

**T**HIS isn't a book. Instead, it's a seminar between hard covers, the kind presented by \$50,000-a-day consultants whose fees are God's way of telling major corporations they have too much money.

As a three- or four-day seminar in, say, someplace like Cancun or St. Vincent, "Information Warfare" would have much to recommend it, not least the sun and the sea, and the fact that somebody else was picking up the tab. But the impecunious reviewer, sweltering in summer

with only a fan and a glass of iced coffee for comfort, can only grit his teeth and press on through the book's 400 pages.

True, much of what Winn Schwartz has to say is of value. The economies of the major nations are, he notes, increasingly information-based, dependent on a global network of computers and satellite communications systems. While computers and instant communications offer unparalleled opportunities for business and industry, they also give terrorists opportunities for "information warfare."

As Schwartz sees it, there are three classes of information warfare. Class 1 is aimed at individuals. Anyone who has a Social Security number, uses a credit card, or has a bank account leaves a trail of vital statistics in computers and databases.

A hacker with malevolent motives might modify a driving record so that it shows thousands of dollars in unpaid fines, or change credit bureau records so that they show consistent failure to pay bills.

The goal of Class 2 information warfare is to disrupt a company's business or to steal valuable information. Schwartz paints scenarios of electronic eavesdropping aimed at giving investors advance notice of a company's plans to issue new stock, say, or aimed at stealing technology that can then be reproduced cheaply overseas.

Finally, there is Class 3 information warfare, in which nations are pitted against nations, with the aim of discovering military secrets or disrupting a country's economy.

Much of this will be familiar to anyone who has read the cyberpunk science fiction of William Gibson or Bruce Sterling, and one of Schwartz's failings is that, instead of sticking to the facts, he tries to write scenes showing how these kinds of information warfare could be waged. Gibson and his cohorts did it first, and better, and so Schwartz's scenarios are amateurish and silly.

Then, too, there is the matter of repetition. Schwartz illustrates each of his three classes of information warfare over and over again. This book could have been more valuable had a good editor insisted it be half as long.

All the hype about the information superhighway is more than a little reminiscent of the days when television was in its infancy. That new medium was supposed to change our lives by bringing cultural events and educational programs into our living rooms. Instead, it has arguably been responsible for the decline of literacy and the rise of violence in our society, as well as a general debasing of the culture.

Something similar is bound to happen with the electronic superhighway, which seems as likely to become the CB radio of the '90s as it does a medium that will change our lives for the better. The dangers Schwartz points out are real, but there are other, more subtle dangers ahead. "Information Warfare" takes no note of them.

David Nicholson's reviews appear regularly in The Washington Post.

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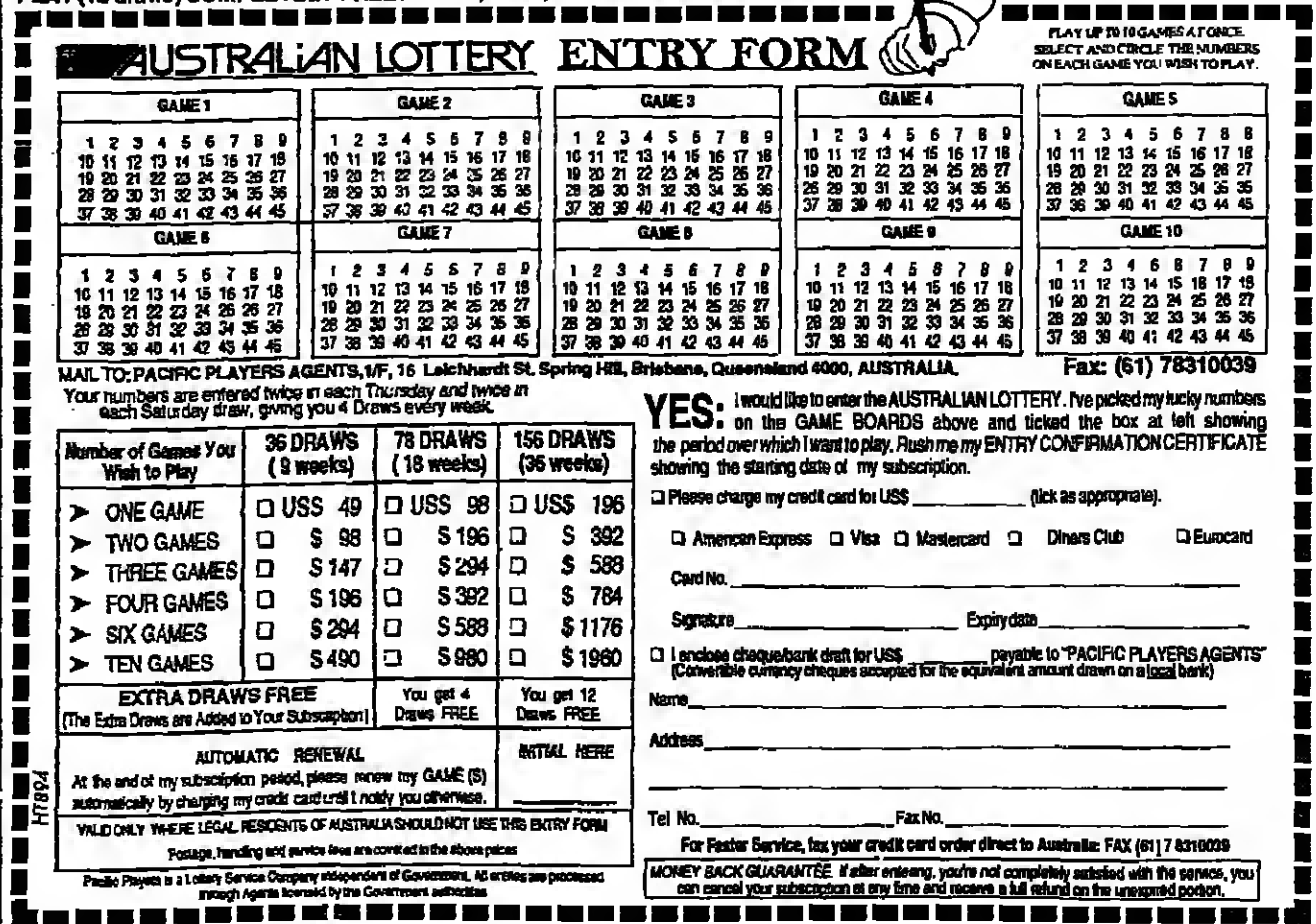
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## MARKET DIARY

## Strong Job Growth Shocks Wall Street

Compiled by Our Staff From Dispatches  
NEW YORK — Wall Street was jolted Friday by the government's report of strong job growth in July, which ignited fears that the Federal Reserve Board would move quickly to raise interest rates.

The price of the benchmark 30-year Treasury bond plunged 1 1/2/32 point, to 84.29/32, sending

## U.S. Stocks

ing the yield up to 7.55 percent from 7.40 percent Thursday.

The bond-market rout helped pull down stocks, with the Dow Jones industrial average closing down 18.77 points at 3,747.02 and losing issues outpacing

gaining ones by a 13-to-7 ratio on the New York Stock Exchange.

Higher rates can slow economic growth to a more moderate pace, but they also crimp corporate profits by raising borrowing rates and holding back spending by both companies and consumers.

## Stronger Employment Undercuts the Dollar

Compiled by Our Staff From Dispatches  
NEW YORK — The dollar dropped against the Deutsche mark Friday in response to an unexpectedly strong fall in the July U.S. unemployment rate, but dealers saw a silver lining of strength if the Federal Reserve increases interest rates.

The U.S. currency rallied briefly in an indecisive market

## Foreign Exchange

after the employment figures were released, but it trailed off from that point and closed down almost a pence on 1.5797 DM, compared with 1.5873 DM on Thursday.

The dollar closed at 100.20 yen, a slight loss from Thursday's 100.475 yen.

At Nomura Research Institute, the analyst Martin de Bloo said that the employment figures, which were potentially more inflationary than had been expected, caused the bond market to fall. This, in turn, dragged the dollar down.

"It's pretty frustrating for dollar bulls," said Bob Near, a vice president at the Bank of New York.

"The jobs number was good enough to increase the prospect

Amoog individual issues. Lowe's plunged 2 1/4 to 30 1/4 in active trading after the building-material retailer was downgraded by an analyst after it reported the smallest monthly sales increase in five months.

In over-the-counter trading, SLM International dropped 1 1/4 to 7 1/4 after the maker of toys and sporting goods reported second-quarter earnings below analysts' expectations.

Tele-Communications new Class A shares slipped 1/4 to 23 1/4 a day after the country's largest cable television company reacquired its programming affiliate, Liberty Media Corp., as part of its merger with QVC.

Ben & Jerry's Homemade plunged 2 1/4 to 14 after the ice cream maker reported a sharp drop in earnings.

Caterpillar fell 2 1/4 to 10 1/4, accounting for a large percent of the Dow's fall. The company announced that shareholders approved a 2-for-1 stock split. (Bloomberg, AP)

## Stronger Employment Undercuts the Dollar

that the Fed will raise rates. I thought we would have reacted positively, since the dollar needs a positive interest-rate move to break out of its range against the European currencies. But the bond market reacted so poorly that the dollar couldn't ignore it."

Other closing dollar rates in New York compared with Thursday included 1.3335 Swiss francs, down from 1.3406, and 5.4090 French francs, down from 5.4325. The British pound rose to \$1.5415 from \$1.5357.

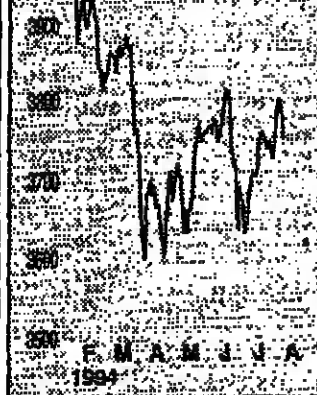
(AP, Bloomberg)

## KIDDER: More Signs of Lax Supervision in Jett Case

Continued from Page 7  
them back together to form a bond. That is known as a recon in Wall Street language.

The markets in those bonds are relatively efficient, however, and arbitrage keeps the prices of the strips and the recon close to each other. The profit to be made is usually small.

A single strip constitutes a government promise to make a payment in the future. As a result, the price of that strip will



## NYSE Most Actives

Vol.	High	Low	Last	Chg.
Amgen	34.75	34.50	34.50	+1/4
Amgen	34.75	34.50	34.50	+1/4
Amgen	34.75	34.50	34.50	+1/4
Amgen	34.75	34.50	34.50	+1/4
Amgen	34.75	34.50	34.50	+1/4

## AMEX Most Actives

Vol.	High	Low	Last	Chg.
Amgen	34.75	34.50	34.50	+1/4
Amgen	34.75	34.50	34.50	+1/4
Amgen	34.75	34.50	34.50	+1/4
Amgen	34.75	34.50	34.50	+1/4
Amgen	34.75	34.50	34.50	+1/4

## NASDAQ Most Actives

Vol.	High	Low	Last	Chg.
Amgen	34.75	34.50	34.50	+1/4
Amgen	34.75	34.50	34.50	+1/4
Amgen	34.75	34.50	34.50	+1/4
Amgen	34.75	34.50	34.50	+1/4
Amgen	34.75	34.50	34.50	+1/4

## Market Sales

NYSE	AMEX	NYSE	AMEX
1,234,567	123,456	1,234,567	123,456
1,234,567	123,456	1,234,567	123,456
1,234,567	123,456	1,234,567	123,456

## Dow Jones Averages

Open	High	Low	Last	Chg.
100.20	100.40	100.10	100.20	-0.20
100.20	100.40	100.10	100.20	-0.20
100.20	100.40	100.10	100.20	-0.20

## Standard &amp; Poor's Index

High	Low	Close	Chg.
3,747.02	3,740.00	3,747.02	-18.77
3,747.02	3,740.00	3,747.02	-18.77
3,747.02	3,740.00	3,747.02	-18.77

## NYSE Indexes

High	Low	Last	Chg.
3,747.02	3,740.00	3,747.02	-18.77
3,747.02	3,740.00	3,747.02	-18.77
3,747.02	3,740.00	3,747.02	-18.77

## NASDAQ Indexes

High	Low	Last	Chg.
3,747.02	3,740.00	3,747.02	-18.77
3,747.02	3,740.00	3,747.02	-18.77
3,747.02	3,740.00	3,747.02	-18.77

## AMEX Stock Index

High	Low	Last	Chg.
3,747.02	3,740.00	3,747.02	-18.77
3,747.02	3,740.00	3,747.02	-18.77
3,747.02	3,740.00	3,747.02	-18.77

## Dow Jones Bond Averages

Open	High	Low	Last	Chg.
100.20	100.40	100.10	100.20	-0.20
100.20	100.40	100.10	100.20	-0.20
100.20	100.40	100.10	100.20	-0.20

## NYSE Diary

High	Low	Last	Chg.
3,747.02	3,740.00	3,747.02	-18.77
3,747.02	3,740.00	3,747.02	-18.77
3,747.02	3,740.00	3,747.02	-18.77

## AMEX Diary

High	Low	Last	Chg.
3,747.02	3,740.00	3,747.02	-18.77
3,747.02	3,740.00	3,747.02	-18.77
3,747.02	3,740.00	3,747.02	-18.77

## NASDAQ Diary

High	Low	Last	Chg.
3,747.02	3,740.00	3,747.02	-18.77
3,747.02	3,740.00	3,747.02	-18.77
3,747.02	3,740.00	3,747.02	-18.77

## Spot Commodities

Commodity	Price	Change
Gold	380.00	+0.50
Silver	16.00	+0.10
Copper	1.50	+0.05

## EUROPEAN FUTURES

Open	High	Low	Last	Chg.
100.20	100.40	100.10	100.20	-0.20
100.20	100.40	100.10	100.20	-0.20
100.20	100.40	100.10	100.20	-0.20

## Metals

Open	High	Low	Last	Chg.
100.20	100.40	100.10	100.20	-0.20
100.20	100.40	100.10	100.20	-0.20
100.20	100.40	100.10	100.20	-0.20

## Financial

Open	High	Low	Last	Chg.
100.20	100.40	100.10	100.20	-0.20
100.20	100.40	100.10	100.20	-0.20
100.20	100.40	100.10	100.20	-0.20

## Stock Indexes

High	Low	Last	Chg.
3,747.02	3,740.00	3,747.02	-18.77
3,747.02	3,740.00	3,747.02	-18.77
3,747.02	3,740.00	3,747.02	-18.77

## Dividends

Company	Dividend	Yield
Amgen	0.50	1.4%
Amgen	0.50	1.4%
Amgen	0.50	1.4%

## STOCK LIST

Company	Price	Change
Amgen	34.50	+1/4
Amgen	34.50	+1/4
Amgen	34.50	+1/4

## Industrials

Company	Price	Change
Amgen	34.50	+1/4
Amgen	34.50	+1/4
Amgen	34.50	+1/4

## Energy

Company	Price	Change
Amgen	34.50	+1/4
Amgen	34.50	+1/4
Amgen	34.50	+1/4

## Technology

Company	Price	Change
Amgen	34.50	+1/4
Amgen	34.50	+1/4
Amgen	34.50	+1/4

## Healthcare

Company	Price	Change
Amgen	34.50	+1/4
Amgen	34.50	+1/4
Amgen	34.50	+1/4

## ROSE: Are Colombians Dumping?

Continued from Page 7  
financial data. To finance the accounting issue with Colombian roses, the Commerce Department could fall back on the traditional definition of dumping.

But because there effectively is no home market for Colombian flowers, the department is considering using the price of Colombian roses sold in Europe as its benchmark.

The catch there, however, is

that Colombia sells only a token number of its roses outside the United States. To avoid being judged by European prices, the Colombians are apparently prepared to end all rose exports to Europe.

Could the anti-dumping laws be fixed? "You'll never get a level playing field as long as there is one set of rules for domestic production and one for imports," Mr. Lawrence of Harvard argues.

But because there effectively is no home market for Colombian flowers, the department is considering using the price of Colombian roses sold in Europe as its benchmark.

The catch there, however, is

## U.S./AT THE CLOSE

## Unitrin Buyout Offer Sparks Dispute

CHICAGO (Combined Dispatches) — Insurer and consumer lender Unitrin Inc. said Friday that American General Corp.'s \$2.6 billion buyout offer would violate state and federal antitrust laws.

But American General said that its proposed acquisition did not violate antitrust or insurance laws and that it was "extremely disappointed in the latest in a series of entrenchment actions by Unitrin." On Thursday, Unitrin adopted a shareholder rights plan that would make an acquisition prohibitively expensive.

A combined company would have about 25 percent of the home-service market in the United States and would have close to 40 percent of the market in some states, Unitrin said. (Bloomberg, Reuters)

## USAir Criticizes Pilots' Wage Plan

ARLINGTON, Virginia (Reuters) — USAir Group Inc. said Friday the wage concessions proposed by its pilots union on Wednesday were "illusory" and "undetermined by several serious flaws."

The airline said that while the proposal offered some "hopeful prospects for future negotiations," it also contained several provisions that were "unacceptable."

The union later characterized the company's criticism as "utterly false."

The union's plan calls for \$750 million in wage concessions in return for part ownership.

## Diamond Project Declared 'a Bust'

VANCOUVER, British Columbia (Reuters) — Canadian diamond-mining companies suffered a setback Friday when sample results showed that mining would not be profitable in the so-called Tiki Kwi Cho project.

"It's a bust," said independent analyst John Kaiser. "I see a minimum 50 percent drop for these stocks and it may escalate into an avalanche."

The giant British mining company RTZ Corp. has a 40 percent interest in the project. Other companies with stakes include Denton Resources Ltd., Kettle River Resources Ltd., Horseshoe Gold Mining Inc., SouthernEra Resources Ltd. and Aber Resources Ltd. The stocks had soared on investor optimism that the companies would eventually build a mine.

## Worker Drug Use Declines in U.S.

PHILADELPHIA (AP) — Positive tests for drug use among American workers and job applicants continues to decline, except for marijuana, a testing lab reported Friday.

SmithKline Beecham Clinical Laboratories, which collects fees for performing worker drug tests, found that 7.8 percent of 1.8 million workers tested positive for drug use between January and June — down from 8.5 percent for the same period last year.

If the trend holds true for the rest of the year, it would be the seventh straight decline among those who underwent SmithKline tests, the company said.

Among those who tested positive, the rate of positive marijuana tests rose 8.8 percent from last year, to 43.3 percent of all positive drug tests, the company said.

## Gain From Sale Saves Borland's Net

SCOTT'S VALLEY, California (Bloomberg) — Borland International Inc. reported an increase in first-quarter net income Friday, but the software-maker would have posted a \$36 million loss if it had not sold part of its business to Novell Inc.

Borland's net income rose to \$61.4 million from \$6.2 million in the same period a year ago.

Revenue for the quarter ended June 30 fell 44 percent to \$69.1 million, including one-time revenue of \$24.5 million from the sale of licenses of its Paradox database program to Novell.

Borland gained \$99.9 million from the sale of its spreadsheet business to Novell.

## South American Trade Pact Resolved

BUENOS AIRES (AP) — Presidents of four South American countries signed a common market pact Friday that is designed to boost trade and prosperity in the region.

Negotiators for Argentina, Brazil, Uruguay and Paraguay set the stage Thursday by announcing they had settled remaining disputes over the pact, known as Mercosur, which takes effect Jan. 1, 1995.

NYSI

## WORLD STOCK MARKETS

Agencies From Press Aug. 5

## Close Prev.

## Amsterdam

Open	High	Low	Last	Chg.
100.20	100.40	100.10	100.20	-0.20
100.20	100.40	100.10	100.20	-0.20
100.20	100.40	100.10	100.20	-0.20

## Brussels

Open	High	Low	Last	Chg.
100.20	100.40	100.10	100.20	-0.20
100.20	100.40	100.10	100.20	-0.20
100.20	100.40	100.10	100.20	-0.20

## Frankfurt

Open	High	Low	Last	Chg.
100.20	100.40	100.10	100.20	-0.20
100.20	100.40	100.10	100.20	-0.20
100.20	100.40	100.10	100.20	-0.20

## Close Prev.

## Paris

Open	High	Low	Last	Chg.
100.20	100.40	100.10	100.20	-0.20
100.20	100.40	100.10	100.20	-0.20
100.20	100.40	100.10	100.20	-0.20

## Tokyo

Open	High	Low	Last	Chg.
100.20	100.40	100.10	100.20	-0.20
100.20	100.40	100.10	100.20	-0.20
100.20	100.40	100.10	100.20	-0.20

## Singapore

Open	High	Low	Last	Chg.
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## Free MMM Chief, Shareholders Say

Compiled by Our Staff From Dispatches

MOSCOW — Angry shareholders called on Russian authorities Friday to free Sergei Mavrodi, the president of the MMM investment fund who was arrested Thursday.

The arrest of Mr. Mavrodi has shut down MMM, which last week devalued its shares by more than 99 percent in a single day and which the government has called a scam. MMM says it has 10 million investors.

"All major decisions are taken by the president, and it is impossible to run a company from prison," said a statement read to about 3,000 investors gathered outside the company's headquarters in central Moscow.

Mr. Mavrodi could face as much as five years in prison if allegations of tax evasion against another company in his corporate empire, are proved, the police said. They said Mr. Mavrodi and his brother, Vyacheslav, had managed to destroy documents before police swarmed into their apartment Thursday.

MMM said its offices would stay closed until the chairman was released.

Investors clutched banners reading "Hands Off Mavrodi,"

and speakers demanded information on why tax authorities were investigating Mr. Mavrodi's companies.

Authorities, describing MMM's shares as nothing more than lottery tickets, have accused the firm of violating tax and security laws.

They say the firm had been running a classic pyramid operation, using money from share purchases to fund an advertising campaign and allow share buybacks at higher rates.

The government's antitrust committee said Friday it planned to start penalizing investment companies that advertised exorbitant rewards and then did not deliver them.

But MMM shareholders demand more of the government. Thousands of them signed a letter to President Boris N. Yeltsin asking for his help and threatening a nationwide vote of confidence in the government if they did not get it.

Separately, the government said Friday that foreign investment in Russia totaled \$278 million in the first half of the year, down sharply from the previous year.

(Reuters, AFP, Bloomberg, AP)

## Recovery Bypasses Europe's Banks

Bloomberg Business News

FRANKFURT — Even as Europe's economies advance, analysts are warning investors away from bank stocks.

First-half earnings reports have shown that most major European banks offset lower trading income with lower provisions for bad loans. While some managed hefty increases in pretax profit, analysts consider the operating profit lackluster.

"The chances of bank stocks outperforming the market or showing any growth are very bad," said Charlotte Frenzel, a banking analyst at DB Research GmbH, a unit of Deutsche Bank. "Things won't pick up until next year."

Union Bank of Switzerland was the latest big bank to disclose that it had

suffered a big drop in trading income. In the past year, German bank stocks underperformed the market by about 13 percent, Swiss banks by about 11 percent and British banks by about 18 percent.

As market performers, only insurance shares were worse.

"In terms of lending, the basic business of banking, the industry trend is similar — all are facing the same flat demand, apart from the Bavarian mortgage banks," said Derek Bullman, an analyst at James Capel in London.

But Dino Fuschillo, European portfolio manager at Lazard London International Investment Management, said banks had reached attractive valuation levels.

Urs Brenner, a portfolio manager at

Swiss Volksbank in Zurich, said he expected cost-cutting in the retail divisions of Switzerland's three largest banks — UBS, Credit Suisse and Swiss Bank Corp. — to enable them to outperform European rivals in the next few years.

Some banks have exceeded the admittedly low expectations of analysts. Shares in Deutsche Bank AG rose on a modest increase in operating profit.

Shares in Britain's No. 2 retail bank, National Westminster PLC, regained a tiny fraction of the 27 percent lost this year after a major increase in pretax profit. Analysts concluded, however, that the bank was still struggling.

Allied Irish Banks PLC also exceeded expectations, boosted by the fastest-growing economy in Europe.

## Drop in Trading Income Hurts UBS

Compiled by Our Staff From Dispatches

ZURICH — Union Bank of Switzerland said Friday its first-half net profit fell 28 percent from a year earlier, primarily because of a 68 percent drop in trading income.

The banking company said it had earnings of 929 million Swiss francs (\$697 million) in the quarter, down from 1.29 billion francs in the 1993 first half. Income from trading operations was 493 million

francs, down from 1.55 billion a year earlier.

Bearer shares of UBS fell 3 percent in Zurich, to 1,150 francs.

The bank's drop in trading income was more severe than those of its competitors such as Credit Suisse, said Ian McEwen, a bank analyst at Merrill Lynch & Co. in London.

The large drop showed UBS had been caught off

guard by the sudden rise in short-term interest rates this year, other analysts said.

"The main conclusion one can draw is that the bank had certain expectations for interest-rate movements and it went wrong," said Jim Hyde of Williams de Broe in London.

The bank said its interest income slipped to 1.78 billion francs from 1.92 billion.

But UBS said lower provi-

sions for credit losses prevented further losses in net profit. UBS lowered its credit-loss provision to 790 million francs from 1.07 billion.

The bank's income from commissions rose to 2.14 billion francs from 1.93 billion francs.

Separately, UBS said it had obtained regulatory clearance to offer American depositary receipts on Aug. 15. (Reuters, AFP, Bloomberg)

### Investor's Europe

Frankfurt DAX	London FTSE 100 Index	Paris CAC 40
2200	3500	2400
2200	3400	2300
2100	3300	2200
2000	3200	2100
1900	3100	2000
1800	3000	1900
1700	2900	1800
1600	2800	1700
1500	2700	1600
1400	2600	1500
1300	2500	1400
1200	2400	1300
1100	2300	1200
1000	2200	1100
900	2100	1000
800	2000	900
700	1900	800
600	1800	700
500	1700	600
400	1600	500
300	1500	400
200	1400	300
100	1300	200
0	1200	100

Sources: Reuters, AFP International Herald Tribune

### Very briefly:

- France's Economy Ministry said Friday it had appointed the banks Credit Agricole and Rothschild & Cie. to advise the government on a "change in the capital" of state-owned automaker Renault, which is being privatized.
- Koninklijke PTT Nederland NV, the commercial television group RTL and VNU NV's magazine group said they planned to start a telephone home-shopping system in September.
- Italy's cabinet authorized the suspension of procedures for the fusion of Banca Nazionale delle Comunicazioni SPA in Istituto Bancario San Paolo di Torino SPA, to review the sales and "other solutions," the Transport Ministry said. (Reuters, AFP, Bloomberg)

### Aeroflot Won't Be Sold, Moscow Says

Reuters

MOSCOW — Aeroflot Russian International Airlines, which sold a 49 percent stake to its employees at a closed auction in June, has no plans to open up to the public or sell block shares to foreign investors, an executive said Friday.

Sergei Plevako, chairman of the Privatization Commission at Aeroflot, said 51 percent of the airline would remain in state hands.

Aeroflot, which flies to 135 destinations in more than 100 countries, is capitalized at 2.19 billion rubles (\$1 million). Aeroflot shares, with a 1,000-ruble face value, cost 1,700 rubles at the auction to employees, Mr. Plevako said.

### EU Output Rises 4% In New Recovery Sign

Compiled by Our Staff From Dispatches

BRUSSELS — Industrial production in the European Union was up 4 percent in May from a year earlier, adding to the conviction that European economies are pulling out of recession.

The underlying rate of industrial production "is clearly on the increase," said Eurostat, the EU statistics bureau.

In Britain, meanwhile, industrial output rose a modest 0.3 percent in June while manufacturing output fell 0.2 percent, the Central Statistical Office said. The drop eased concern in financial markets that the government might raise interest rates without undermining confidence in the economic recovery.

"There is nothing in the data today or recently to suggest the economy is accelerating, and that has to be favorable for the immediate inflation outlook," said Gerard Lyons, chief economist at DKB International.

Industrial production in the April-June period was 2.0 percent higher than in the preceding three months and 5.7 percent above the year-earlier quarter, the office said. Manufacturing output was up 1.3 percent from the preceding three months and 3.5 percent from the year-earlier quarter.

For the European Union, industrial production rose 2.1 percent in the three months ended in May from the previous three months. In the February-April period, industrial production in Japan was up 0.8 percent and in the United States was up 1.6 percent. (Reuters, Knight-Ridder, Bloomberg, AFP)

### Swiss Store Firm Takes Stake in Fust

Compiled by Our Staff From Dispatches

ZURICH — Grands Magasins Jelmoli SA said Friday it had acquired 34 percent of the capital and 51 percent of the voting rights in Dipling Fust AG, a household appliance retailer.

Jelmoli said it had acquired the Fust shares for 141.5 million Swiss francs (\$106 million), based on an average price of 410 francs for Fust's bearer shares between February and May this year.

Jelmoli said it planned an option or convertible loan in the next few weeks to help finance the transaction. It said the acquisition should add as much as 455 million francs to its annual sales by 1996, which should lift profit.

Analysts said Fust's electronics stores complemented Jelmoli's department store business, and their cooperation would lower both companies' costs and increase their margins.

But Wilhelm Blaue, financial analyst at Union Bank of Switzerland, said "the synergies aren't that great to say that they are so positive."

The transaction raised suspicions of insider trading among analysts and company executives because since July 25, Fust shares rose 10.5 percent and Jelmoli shares rallied 5.4 percent.

Peter Lemann, the finance director of Jelmoli, said the

gains were probably caused by a mixture of a cyclical market rally and positive analyst recommendations, but "whether insiders were at work we don't know and of course can't discount."

Gerard Pasko, trading strategist at Credit Suisse, said rumors of the takeover had circulated in the market this week and that insider trading was possible. (Reuters, Bloomberg)

### Forte Expects Profit Boost

Compiled by Our Staff From Dispatches

LONDON — The hotels and leisure group Forte PLC said Friday that first-half profit increased as business picked up at its hotels throughout Britain, particularly in London.

The company will release first-half earnings Sept. 29. In April, Forte said pretax profit slipped to £87 million in the year ended Jan. 31 from £71 million a year earlier because of smaller one-time gains. (Bloomberg, Reuters)

## NYSE

Friday's Closing  
Tables include the nationwide price guide  
the closing on Wall Street and do not reflect  
late trades elsewhere. Via The Associated Press

12 Month  
High Low Stock Div Yld PE 1993 High Low Last Chg

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### PORT: Up the Creek in Shanghai

Continued from Page 7

times that amount in the next few years.

The goal is to encourage use of larger ships, increasing the cargo per vessel. But authorities admit such measures may not be enough to do the job if growth continues at its current pace.

Foreign shipping groups such as Hong Kong International Terminals, Sealand and Orient Overseas Container Lines have announced major investments in deep port facilities, and work is under way to increase the

depth of the Shanghai approach to the mouth of the Yangtze.

Currently the channel is too shallow to accommodate larger container ships and is only open to many ships at high tide, which could restrict the growth of other ports farther up the Yangtze, known as the Dragon's Tail.

The dredging project, which will cost close to \$1 billion, will take about 10 years to complete. It is considered vital if Shanghai is to keep pace with cargo handling, which grew by 38 percent in 1993 over the previous year.

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# NASDAQ

Friday's 4 p.m.  
This list compiled by the AP, consists of the 1,000 most traded securities in terms of dollar value. It is updated twice a year.

12 Month	High	Low	Stock	Div	Yld	PE	52	High	Low	Latest	Chg
A											
100	100	100	AAOI	0.00	0.00	0.00	0.00	100	100	100	0.00
101	101	101	AAOI	0.00	0.00	0.00	0.00	101	101	101	0.00
102	102	102	AAOI	0.00	0.00	0.00	0.00	102	102	102	0.00
103	103	103	AAOI	0.00	0.00	0.00	0.00	103	103	103	0.00
104	104	104	AAOI	0.00	0.00	0.00	0.00	104	104	104	0.00
105	105	105	AAOI	0.00	0.00	0.00	0.00	105	105	105	0.00
106	106	106	AAOI	0.00	0.00	0.00	0.00	106	106	106	0.00
107	107	107	AAOI	0.00	0.00	0.00	0.00	107	107	107	0.00
108	108	108	AAOI	0.00	0.00	0.00	0.00	108	108	108	0.00
109	109	109	AAOI	0.00	0.00	0.00	0.00	109	109	109	0.00
110	110	110	AAOI	0.00	0.00	0.00	0.00	110	110	110	0.00
111	111	111	AAOI	0.00	0.00	0.00	0.00	111	111	111	0.00
112	112	112	AAOI	0.00	0.00	0.00	0.00	112	112	112	0.00
113	113	113	AAOI	0.00	0.00	0.00	0.00	113	113	113	0.00
114	114	114	AAOI	0.00	0.00	0.00	0.00	114	114	114	0.00
115	115	115	AAOI	0.00	0.00	0.00	0.00	115	115	115	0.00
116	116	116	AAOI	0.00	0.00	0.00	0.00	116	116	116	0.00
117	117	117	AAOI	0.00	0.00	0.00	0.00	117	117	117	0.00
118	118	118	AAOI	0.00	0.00	0.00	0.00	118	118	118	0.00
119	119	119	AAOI	0.00	0.00	0.00	0.00	119	119	119	0.00
120	120	120	AAOI	0.00	0.00	0.00	0.00	120	120	120	0.00

12 Month	High	Low	Stock	Div	Yld	PE	52	High	Low	Latest	Chg
121	121	121	AAOI	0.00	0.00	0.00	0.00	121	121	121	0.00
122	122	122	AAOI	0.00	0.00	0.00	0.00	122	122	122	0.00
123	123	123	AAOI	0.00	0.00	0.00	0.00	123	123	123	0.00
124	124	124	AAOI	0.00	0.00	0.00	0.00	124	124	124	0.00
125	125	125	AAOI	0.00	0.00	0.00	0.00	125	125	125	0.00
126	126	126	AAOI	0.00	0.00	0.00	0.00	126	126	126	0.00
127	127	127	AAOI	0.00	0.00	0.00	0.00	127	127	127	0.00
128	128	128	AAOI	0.00	0.00	0.00	0.00	128	128	128	0.00
129	129	129	AAOI	0.00	0.00	0.00	0.00	129	129	129	0.00
130	130	130	AAOI	0.00	0.00	0.00	0.00	130	130	130	0.00
131	131	131	AAOI	0.00	0.00	0.00	0.00	131	131	131	0.00
132	132	132	AAOI	0.00	0.00	0.00	0.00	132	132	132	0.00
133	133	133	AAOI	0.00	0.00	0.00	0.00	133	133	133	0.00
134	134	134	AAOI	0.00	0.00	0.00	0.00	134	134	134	0.00
135	135	135	AAOI	0.00	0.00	0.00	0.00	135	135	135	0.00
136	136	136	AAOI	0.00	0.00	0.00	0.00	136	136	136	0.00
137	137	137	AAOI	0.00	0.00	0.00	0.00	137	137	137	0.00
138	138	138	AAOI	0.00	0.00	0.00	0.00	138	138	138	0.00
139	139	139	AAOI	0.00	0.00	0.00	0.00	139	139	139	0.00
140	140	140	AAOI	0.00	0.00	0.00	0.00	140	140	140	0.00

# AMEX

Friday's Closing  
Tables include the nationwide prices up to the closing on Wall Street and do not reflect trade trades elsewhere. Via The Associated Press

12 Month	High	Low	Stock	Div	Yld	PE	52	High	Low	Latest	Chg
141	141	141	AAOI	0.00	0.00	0.00	0.00	141	141	141	0.00
142	142	142	AAOI	0.00	0.00	0.00	0.00	142	142	142	0.00
143	143	143	AAOI	0.00	0.00	0.00	0.00	143	143	143	0.00
144	144	144	AAOI	0.00	0.00	0.00	0.00	144	144	144	0.00
145	145	145	AAOI	0.00	0.00	0.00	0.00	145	145	145	0.00
146	146	146	AAOI	0.00	0.00	0.00	0.00	146	146	146	0.00
147	147	147	AAOI	0.00	0.00	0.00	0.00	147	147	147	0.00
148	148	148	AAOI	0.00	0.00	0.00	0.00	148	148	148	0.00
149	149	149	AAOI	0.00	0.00	0.00	0.00	149	149	149	0.00
150	150	150	AAOI	0.00	0.00	0.00	0.00	150	150	150	0.00
151	151	151	AAOI	0.00	0.00	0.00	0.00	151	151	151	0.00
152	152	152	AAOI	0.00	0.00	0.00	0.00	152	152	152	0.00
153	153	153	AAOI	0.00	0.00	0.00	0.00	153	153	153	0.00
154	154	154	AAOI	0.00	0.00	0.00	0.00	154	154	154	0.00
155	155	155	AAOI	0.00	0.00	0.00	0.00	155	155	155	0.00
156	156	156	AAOI	0.00	0.00	0.00	0.00	156	156	156	0.00
157	157	157	AAOI	0.00	0.00	0.00	0.00	157	157	157	0.00
158	158	158	AAOI	0.00	0.00	0.00	0.00	158	158	158	0.00
159	159	159	AAOI	0.00	0.00	0.00	0.00	159	159	159	0.00
160	160	160	AAOI	0.00	0.00	0.00	0.00	160	160	160	0.00

12 Month	High	Low	Stock	Div	Yld	PE	52	High	Low	Latest	Chg
161	161	161	AAOI	0.00	0.00	0.00	0.00	161	161	161	0.00
162	162	162	AAOI	0.00	0.00	0.00	0.00	162	162	162	0.00
163	163	163	AAOI	0.00	0.00	0.00	0.00	163	163	163	0.00
164	164	164	AAOI	0.00	0.00	0.00	0.00	164	164	164	0.00
165	165	165	AAOI	0.00	0.00	0.00	0.00	165	165	165	0.00
166	166	166	AAOI	0.00	0.00	0.00	0.00	166	166	166	0.00
167	167	167	AAOI	0.00	0.00	0.00	0.00	167	167	167	0.00
168	168	168	AAOI	0.00	0.00	0.00	0.00	168	168	168	0.00
169	169	169	AAOI	0.00	0.00	0.00	0.00	169	169	169	0.00
170	170	170	AAOI	0.00	0.00	0.00	0.00	170	170	170	0.00
171	171	171	AAOI	0.00	0.00	0.00	0.00	171	171	171	0.00
172	172	172	AAOI	0.00	0.00	0.00	0.00	172	172	172	0.00
173	173	173	AAOI	0.00	0.00	0.00	0.00	173	173	173	0.00
174	174	174	AAOI	0.00	0.00	0.00	0.00	174	174	174	0.00
175	175	175	AAOI	0.00	0.00	0.00	0.00	175	175	175	0.00
176	176	176	AAOI	0.00	0.00	0.00	0.00	176	176	176	0.00
177	177	177	AAOI	0.00	0.00	0.00	0.00	177	177	177	0.00
178	178	178	AAOI	0.00	0.00	0.00	0.00	178	178	178	0.00
179	179	179	AAOI	0.00	0.00	0.00	0.00	179	179	179	0.00
180	180	180	AAOI	0.00	0.00	0.00	0.00	180	180	180	0.00

12 Month	High	Low	Stock	Div	Yld	PE	52	High	Low	Latest	Chg
181	181	181	AAOI	0.00	0.00	0.00	0.00	181	181	181	0.00
182	182	182	AAOI	0.00	0.00	0.00	0.00	182	182	182	0.00
183	183	183	AAOI	0.00	0.00	0.00	0.00	183	183	183	0.00
184	184	184	AAOI	0.00	0.00	0.00	0.00	184	184	184	0.00
185	185	185	AAOI	0.00	0.00	0.00	0.00	185	185	185	0.00
186	186	186	AAOI	0.00	0.00	0.00	0.00	186	186	186	0.00
187	187	187	AAOI	0.00	0.00	0.00	0.00	187	187	187	0.00
188	188	188	AAOI	0.00	0.00	0.00	0.00	188	188	188	0.00
189	189	189	AAOI	0.00	0.00	0.00	0.00	189	189	189	0.00
190	190	190	AAOI	0.00	0.00	0.00	0.00	190	190	190	0.00
191	191	191	AAOI	0.00	0.00	0.00	0.00	191	191	191	0.00
192	192	192	AAOI	0.00	0.00	0.00	0.00	192	192	192	0.00
193	193	193	AAOI	0.00	0.00	0.00	0.00	193	193	193	0.00
194	194	194	AAOI	0.00	0.00	0.00	0.00	194	194	194	0.00
195	195	195	AAOI	0.00	0.00	0.00	0.00	195	195	195	0.00
196	196	196	AAOI	0.00	0.00	0.00	0.00	196	196	196	0.00
197	197	197	AAOI	0.00	0.00	0.00	0.00	197	197	197	0.00
198	198	198	AAOI	0.00	0.00	0.00	0.00	198	198	198	0.00
199	199	199	AAOI	0.00	0.00	0.00	0.00	199	199	199	0.00
200	200	200	AAOI	0.00	0.00	0.00	0.00	200	200	200	0.00

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THE  
REPORT

**FIRST COLUMN**

# So, You've Seen the Irish Fight?

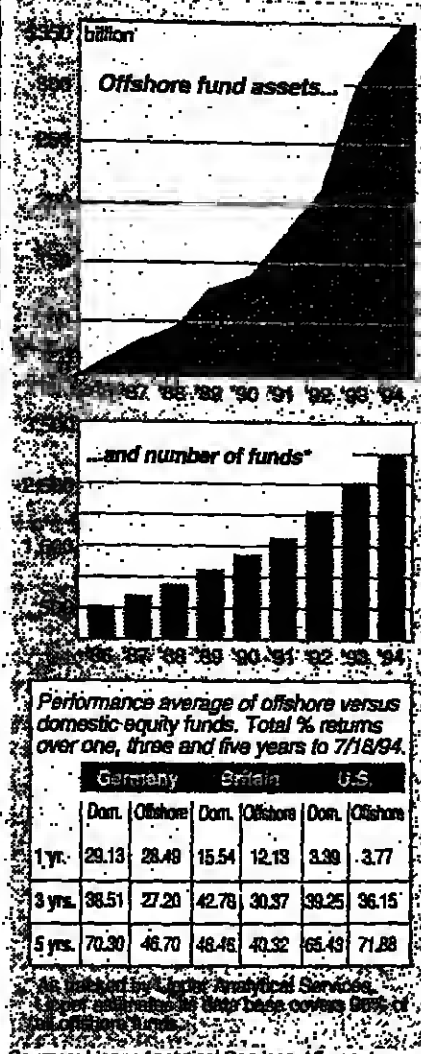
**B**ERTIE AHERN, the Irish minister of finance, raised an eyebrow or two in New York this summer. His business calendar — and that of what seemed like half his countrymen — lead him to the Giants Stadium for the Ireland-Italy World Cup match.

The surprise was the generosity with which Mr. Aherne was distributing tickets. It is, after all, difficult to be known for your open-handedness if you preside over a low-inflation, low debt-to-GDP economy at the cost of high unemployment. But Mr. Aherne's objectives are geared toward European integration, and the price, apparently, has to be paid.

Which leaves the Irish — and the Luxembourgish — in something of a quandary. Under the German presidency of the European Union, finance minister Theo Waigel is pressing for the imposition of withholding taxes on all mutual fund income payments in Europe. Luxembourg and Britain argue that the standard should be to allow all European countries to pay income gross of tax.

As for the Irish, one thing is certain: Mr. Aherne's generosity will not extend to giving his country's tax concessions away without a fight.

M.C.



# Offshore Funds Flowing Upstream Into the Mainstream

By Conrad de Aenlle

**O**FFSHORE has migrated to the mainstream. After once being shunned as gimmicky investments suitable only for the rich and shifty, funds set up in offshore tax havens have developed wide acceptance, first among regulators, then among ordinary investors, especially in Europe.

Assets in the offshore funds tracked by Lipper Analytical Services totaled \$343 billion at the end of June. Despite sagging stock and bond markets this year, that figure is 14 percent higher than the \$300 billion in assets recorded at the end of last year. In 1993, when markets were healthier, assets rose 43 percent.

Double-digit asset growth has been the rule for the offshore fund industry for many years; total assets have risen from \$61 billion at the end of 1986. Much of that growth was propelled by the European Community's UCITS directive, which allowed funds domiciled in one member state to have the right of access to any other.

The UCITS directive gave a big boost to Luxembourg, a European Union member that is considered an offshore haven because it offers tax advantages similar to those in investment centers which are literally offshore. In fact, in terms of money invested, Luxembourg is far bigger than all other offshore jurisdictions put together.

"The big effect that UCITS had was to legitimize the offshore fund market," said one fund industry executive. "It gave it an official imprimatur."

Of offshore funds, Bill McBride of Lipper remarked: "I think they're getting easier to market to the real world, largely

because of real-world interest from investors. Also, some major players are getting more sophisticated and have invested heavily in technology and in building good distribution networks."

Technology is important because offshore fund shareholders are a diverse lot that can pose considerable administrative difficulties. Statements must be sent out in different languages, currency conversions have to be made, and dealings with clients need to conform to the legal frameworks of various jurisdictions in which funds are sold. Several institutions, notably Luxembourg banks, are spending large sums to beef up their shareholder record-keeping systems.

"Maintaining accounts is very expensive," Mr. McBride said. "Technology providers to the fund industry in Europe who can show that they can cut costs will be in demand. Technology is going to be an important driving force."

Cracking the distribution channels in the markets that offshore fund providers want to expand in, especially in Europe, is a more daunting feat. Most funds are sold through banks on the continent, and through brokers, financial planners or insurance companies in Britain.

The tendency is for those institutions to push their own products, or those offered by companies with which they have a longstanding relationship. For others, it's tough to get a foot in the door. That's why direct marketing is seldom used.

The American discount brokerage Charles Schwab & Co. is trying to spread the direct practice with its International FundSource Service. Funds in three offshore families — Guinness Flight, Roth-

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Cutting the costs of buying and owning offshore funds is important. Servicing the accounts of their varied and far-flung clientele makes the funds expensive to operate, and this hurts returns.

A look at domestic and offshore equity funds that invest in three countries — the United States, Britain and Germany — shows that during the last five years, the offshore funds generally underperformed the domestic ones, according to Micropal, a firm that tracks fund performance.

"My guess would be some portion of that is going to be expenses," Mr. McBride of Lipper said of the poor showing. "There are more service costs, and generally offshore funds have been able to command higher management fees. And they have tended to be smaller than their domestic counterparts, so they don't benefit from economies of scale."

While offshore funds can't lower their costs appreciably, at least not yet, they are starting to improve their service. Many of the larger companies are starting to offer American-style frills such as checkbooks and charge cards and long business hours.

Fleming Fund Management (Luxembourg), for instance, expects to extend its opening hours early next year and beef up its customer-service staff "to be more available to shareholders, not just for dealing but for further information," said Rodney Williams, a director at Flemings in Frankfurt.

"We have to take it that we are a service business," he said. "What is going to mark out the winners and losers in the investment fund industry is a commitment to give high levels of service to clients."

# Dublin's Star Still on the Rise

By Baile Netzer

**F**INANCIAL companies which set up shop in Dublin before the end of 1994 will be guaranteed a 10 percent corporate tax rate until the year 2005. Companies that come to Dublin afterward will pay the normal Irish corporate tax rate of 40 percent.

The fiscal bonus has, as hoped, attracted dozens of fund companies to Dublin's International Financial Services Center, as it continues to vie for business with other European offshore locales such as Luxembourg and the Channel Islands.

"Officials at Ireland's Industrial Development Authority, the state organization responsible for promoting the country's nascent financial center, say that although they are lobbying Brussels for an extension of the deadline, the disappearance of the tax incentive will have little effect on the financial center's growth."

Fund companies that have already set up a Dublin operation, moreover, say the low tax rate was just one factor that drew them there. More important, they say, were the conditions that allowed them to enhance their offerings to investors: the ready supply of an educated and relatively cheap workforce to accomplish custodial and administrative tasks, and a central bank willing to work for speedy approval of new fund offerings.

As in most other offshore locales, there is no withholding tax on investment income in Ireland for non-resident investors.

European fund providers are not the only ones migrating to Dublin. Others, from far-flung international locales, have come to Ireland in order to set up an operation that allows them to sell their products across European borders.

"We wanted a foothold in Europe, and Ireland has a lot of advantages over Luxembourg," said John Lowry, international marketing manager for Old Mutual International Fund Managers in Dublin, whose parent company is based in South Africa.

Some fund companies based in the

United States and Asia add that they prefer an English-speaking base for their European operations.

"The banks in Germany and France will establish offices in Luxembourg because it's easier for them," said Paul McNaughton, chief executive of Morgan Grenfell (Ireland) Limited. "But the British, the Japanese, the Korean, the American, the Swiss and the Scandinavian? They're coming to Ireland now that they have a choice."

The attention Dublin is winning from the international financial community is in large part due to the leading role that Ireland's central bank has taken in quickly approving new investment products. At the Dublin office of U.S.-based Federated International Management Limited, for example, operations manager Peter Butler said the central bank's quick approval process has helped satisfy investors.

"Our French customers were dissatisfied with the approval time in Luxembourg," he said. "But in Dublin, we were able to introduce our corporate bond fund within a number of weeks and that impressed them."

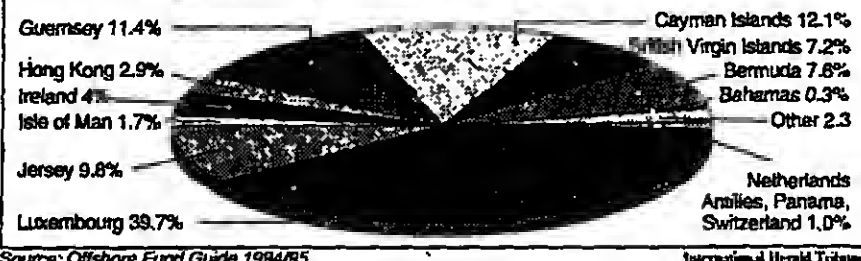
When Old Mutual wanted to launch an emerging markets bond fund, it attempted to get approval in one week, according to Mr. Lowry. "It ended up taking three weeks," he admitted. "But in Luxembourg, it would have taken even longer."

Fund companies which have come to Dublin also praise the willingness of Ireland's central bank to consider products involving complicated derivative securities.

The central bank has also approved so-called "professional investor funds." As long as such vehicles require a minimum investment of 200,000 Irish pounds (\$303,000), fund managers are allowed to trade in riskier investments not deemed appropriate for novice investors.

"They're going on the assumption that if you have a lot of money, you know what you're doing," said Mr. McNaughton. "They take a very pragmatic approach and they're both tough and fair on a day-to-day basis."

# Domicile of Offshore Funds



# Location a Lift for Luxembourg

By Rupert Bruce

**L**UXEMBOURG is an offshore fund management center with a difference. Unlike most, it is not an island, and its regulations and taxes are light-to-normal, rather than light-to-non-existent. It does, however, have strict banking secrecy laws.

Pierre Jaans, director general of Luxembourg's Monetary Institute, which oversees the country's investment industry, says Luxembourg's appeal to the banks, investment management companies, and life insurers that have flocked there, lies in its blend of geographical position, multilingual work force, and determination to help the financial community.

"If you have an industry of 220 banks with about 20,000 people directly employed by them, you have a lot of know-how available," said Mr. Jaans.

Luxembourg emerged as a financial center in the late 1960s, when it became a center for the Eurocurrency business. Then, in the 1980s, it became a popular center for private banking and investment management.

Over the past four years, it has grown dramatically as a fund management center. While in 1990 there were 805 funds with assets of 2.9 trillion Luxembourg francs (\$89.2 billion), there are now over 1,200 funds with assets of 10.4 trillion francs.

Two of the largest groups in Luxembourg are Fleming Fund Management and

Fidelity Investments (Luxembourg) SA. Fleming set up in 1988 and now has between \$2 billion and \$3 billion under management in its Fleming Flagship funds.

Christopher Cottrell, chief executive of Fleming Fund Management, says his goal is to nearly double the amount of assets under management annually. Meanwhile, Fidelity, which launched its Fidelity Funds family in late 1990, has \$2.8 billion under management.

"We were looking for somewhere to base our central operation within continental Europe," said Mr. Cottrell. "We wanted somewhere that was fairly close to our clients, somewhere that was neutral, and somewhere we could get a good supply of multilingual staff."

Analysis says that Luxembourg anticipated the 1987 UCITS directive that governs the marketing of mutual funds in the EU several years before it happened. By 1983, Luxembourg authorities were pretty sure of what the directive would stipulate, some ome, and they adapted their own laws to dovetail with it.

This meant that when the directive finally came into force, Luxembourg-based fund management groups were able to sell their funds across Europe immediately.

Jacques Drossart, managing director of PanEuroLife, which opened its Luxembourg office in January of 1991, said: "Luxembourg is very centrally located, and, maybe more importantly, there is a social, political and economic stability that is very high."

# Bermuda Seeks Its Own Niche

By Aline Sullivan

**W**HILE Bermudians claim that their country is peerless among offshore centers, not everyone is enthusiastic about the tiny island's role as a center for investment funds.

Few observers deny, however, that Bermuda's financial services sector has landed some pretty big fish in recent years. All 23 of Fidelity International's currency funds, for example, are domiciled in Bermuda, although the fund managers are based in Britain and the funds administered in Luxembourg. Indeed, one of the knocks against the island is that its small size can translate into high costs for providers. That means that many funds domiciled on the island are actually run elsewhere.

Fidelity's money funds are now worth more than \$500 million, up from \$300 million in September 1993. "Bermuda's tax laws are more beneficial to currency funds than any of the other places we looked at," said a spokesman for Fidelity International in London.

Bermuda is now the domicile of an ever-increasing number of offshore funds — 460 according to a recent tally — including 268 mutual funds and 51 unit trusts. Assets under management totaled \$11.7 billion as of April 30, up from \$10.5 billion at the end of last year.

Investment managers choose Bermuda for several reasons, say analysts. Among them are the absence of taxes on non-resident investors, which attracts business, a sophisticated telecommunications network and competent custodial services.

Another charm of the semi-tropical archipelago for those who actual run their funds out of Bermuda is its proximity to the United States: The islands are only 600 miles off the coast of South Carolina and are regularly serviced by planes to New York and London.

A stable political system also helps. Bermuda remains a British colony, a status supported by the island's powerful

business community. Companies registered in Bermuda operate according to British law — a known quantity for investors. Bermudian regulation of funds is more rigorous than in most offshore centers, but remains far less onerous than that in the United States or Britain.

"We do have regulation but not to the extent found in many jurisdictions," said Malcolm Williams, general manager of the Bermuda Monetary Authority, a regulatory body. "Our flexibility and lack of a plethora of regulation makes us very attractive. Doing business here is safe but simple."

Bermudian fund managers like to say that they service a global client base while other offshore centers are more regional. Bermuda-domiciled funds are particularly popular with high-net-worth Asian and Middle Eastern clients who value security above any other criteria, observers say.

Thornton Unit Management's New Tiger Selection Funds, a family of 10 single-country funds, are domiciled in Bermuda and managed out of Hong Kong. A spokesman for the company said Bermuda is "an efficient and well-established center for fund administration," which also has a good reputation among European and Asian investors.

All told, the performance of Bermuda funds is roughly in line with those elsewhere. The downturn in world markets earlier this year caused the amount invested through Bermuda to drop to \$11.7 billion at the end of April, down from almost \$13 billion at the end of February. But managers say business is picking up again.

Some investors warn, however, that further growth might be hampered by regulatory restrictions in other countries. Bermudian managers are unable to market their mutual funds in the United States, for example, and only a few have obtained recognition from the Securities and Investments Board in Britain.

Perhaps as a result of these constraints, some investment managers in Bermuda are beginning to focus more on running specialized investment portfolios.

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**Aug. 5, 1994**

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AS - Australian Dollars; AU - Australian Shillings; BF - Belgian Francs; CA - Canadian Dollars; DM - Deutsche Mark; ECU - European Currency Unit; FF - French Francs; FL - Dutch Florin; £ - British Pound; HK - Hong Kong Dollars; J - Japanese Yen; L - Luxembourg Francs; M - Swiss Francs; P - Portuguese Escudos; S - Spanish Pesetas; S\$ - Singapore Dollars; T - Taiwan Dollars; US - United States Dollars; Y - Australian Dollars; Z - New Zealand Dollars.  
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Sources: KPMG Stokes, Kennedy, Crowley

**By Michael D. McNickle**

"I get probably one or two calls a week where people start to talk about forming a foreign corporation," Mr. Engel said. "The first thing I ask is: 'Why are you doing this? What do you seek to accomplish?'"

"There's no such thing as a perfect jurisdiction," Mr. Engel said. "They vary dramatically. You want to look at everything from the specific laws they have, their infrastructure, political and social stability, geographic considerations and the cost structure."

Ownership of anything from a bank to a boat can be legitimately transferred to such an offshore company, with similar results.

Mr. Engel said that an offshore company of this type will add a degree of privacy, but does little to actually protect

...for the offshore financial  
...in London, warns  
...that expatriates should also be  
...careful who they do business  
...with in the offshore field. The  
...offshore arena, he said, has al-  
...ways had its share of "dodgy  
...characters, in which case com-  
...panies have been used for  
...fraudulent purposes."

Mr. Thieme will also run the and hopes to deliver some of the the original, minus the risk. A current holdings are Exxon, M pharmaceuticals group, and Mic

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average Bear Stearns has floated call and put warrants on the stock, an Amex contrivance that is equal to one-tenth the value of the S&P 225, the benchmark index of equities. The strike price of the call series, the index point at which the intrinsic value is zero, is 207.65. The warrants, issued by Paine Webber, have a two-year trading life and a

CT

**By Iain Jenkins**


Furthermore, there is little international cooperation between tax authorities. The European Union, for example, is particularly fertile ground for tax dodgers. Money and people can move freely between the

Such potential traps did not stop the shifting of an estimated 80 billion DM (\$50.6 billion) by German investors to Luxembourg, Austria and the Bermuda over the last two years, however, a stampede prompted by savers rushing to guard their money from a new German withholding tax. Most, say ana-

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**By Martin Baker**

The classic trade-off is between regulation and taxation. The usual rule is that the more stringent the former, the heavier the latter. But the truth is that there is no ideal location for

**The classic trade-off is between regulation and taxation.**

foreign fund which directly owns [domestic] securities," said a spokesman for Dublin-based consultancy and accounting firm KPMG Kennedy Stokes Crowley.

If the fund is located outside the European Union in a jurisdiction which has a double-taxation treaty with the country where the investor is domiciled, withholding tax can be eliminated. However, the benefits

- **Location.** The whole idea of an offshore center is that of being away from home. But it does facilitate investor happiness if the fund center is in the same time zone and the people taking care of your money speak at least one of the languages in which you are comfortable.

average Bear Stearns has floated call and put warrants on the stock, an Amex contrivance that is equal to one-tenth the value of the S&P 225, the benchmark index of equities. The strike price of the call series, the index point at which the intrinsic value is zero, is 207.65. The warrants, issued by Paine Webber, have a two-year trading life and a

## American Heritage's Sibling Taking Off

Mr. Thieme will also run the and hopes to deliver some of the the original, minus the risk. A current holdings are Exxon, M pharmaceuticals group, and Mic

The tome, called "Money Market Guide" and corporate issues, covers local and western currency and the different market such issues of interest as taxation and financial controls, and summarizes the economic climate in

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## SPORTS

## U.S. Player Ramos Plans To Rejoin Spanish Club

By Robert McG. Thomas Jr.

New York Times Service

NEW YORK — If he tries to pick up anything heavy he gets a headache. He can't run or exert himself, and even a little header for the benefit of photographers is out of the question.

Even so, a month after he caught an elbow that fractured a bone in his skull during the U.S. soccer team's 1-0 loss to Brazil during the World Cup, Tab Ramos is on the mend.

Having been recuperating at his parents' home in Hillsdale, New Jersey, he plans to leave for Spain on Tuesday, to resume light training within a few weeks. He hopes to rejoin his club team, Real Betis, by the end of October, two months into the season.

Any tendency to self pity was dispelled Thursday when Ramos stopped by Ronald McDonald House in Manhattan to pose for pictures, sign auto-

graphs and mix it up lightly with children.

"What happened to me was nothing," he said, glancing at a few of the approximately 75 children who live at the East 73rd Street facility while in New York for cancer treatment.

The most dedicated young fan turned out to be Gabriel Moreira, an 11-year-old from Brazil, Ramos, born in Uruguay, found common ground.

"I wanted Brazil to win myself," Gabriel said. "They were the best team."

Mirza Smalbegovic, a 4-year-old from Bosnia, was a tougher sell, perhaps because he and Brian Leitch of the National Hockey League's New York Rangers have become pals.

No, Mirza said, he did not watch the World Cup.

"I watched the hockey players," he said. "Brian won the big trophy."

• While 44 percent of American adults surveyed watched at

least one World Cup match on television, according to a Harris Poll, 69 percent don't care if there's a new professional soccer league in the United States.

The survey, released Thursday, said 53 percent of respondents were more interested in soccer than before the World Cup. 24 percent said their interest remained the same and 23 percent said it decreased.

Those who did tune in liked what they saw. Forty-three percent found it very enjoyable and 39 percent found it somewhat enjoyable.

And those who tuned in were the audience that interests sports advertisers. Fifty-five percent of males surveyed watched at least one game.

By a wide margin, those with a household income of more than \$50,000 watched at least one game and 49 percent with a household income of between \$35,000 and \$50,000 watched.

Twenty-nine percent of those surveyed would like to see a new professional league.

Even among those who watched the World Cup, 52 percent don't care if there is a new professional league, while 47 percent would like to see one.

Among those who didn't watch the tournament, 82 percent don't care if there is a new league and 15 percent would like to see one.

The poll of 1,249 adults was conducted from July 25-28 and has an error margin of 3 percent.

Results of the survey showed far greater awareness of soccer than before the tournament. Three weeks before the World Cup began June 17, just 25 percent of those surveyed by the Harris Poll were aware the tournament was being held in the United States this year.

• Romário, who says he's had a grueling year, has offered a mea culpa to his Barcelona club for failing to show up — but he's still not going back.



Motoko Obayashi, left, and Aki Nagatomi celebrated after a 15-3, 15-3, 6-15, 15-11 victory over China gave Japan the bronze medal in the women's volleyball competition.

## Russians Sweep Skating Golds

The Associated Press

ST. PETERSBURG — The hometown favorites won two figure skating gold medals Friday night at the Goodwill Games.

Olympic champion Alexei Urmanov won the men's competition with his classical routine to Rossini while Artur Dmitriyev and Natalia Mishkutenok, skating almost flawlessly with power and elegance, easily won the pairs.

The winners, who all live in St. Petersburg, reprised their routines from the Olympics in Lillehammer.

Urmanov nearly missed a triple flip, but his marks of 5.8 and 5.9 were enough to beat Todd Eldredge of the United States, with Philippe Candeloro of France taking third place.

Dmitriyev and Mishkutenok led a Russian sweep in the pairs, with Marina Elisoova and Andrei Bushkov getting the silver and Evgenia Shishkova and Vadim Naumov the bronze.

Earlier, Surya Bonaly of France took the lead in the women's competition with a straight-forward performance in the technical program.

The one exception to a tour session in a nearly empty arena was St. Petersburg-born Olga Markova. She nailed a crisp triple lutz-double toe loop combination in placing second.

• "They're absolutely right. I said I would report and I didn't. There must be punishment," the truant World Cup most valuable player said Thursday.

"If they want to fine me, no problem," he said. "I accept the punishment — and another 15 days in Brazil." (AP)

• Mohamed Annabi has been hired to replace Abdellah Blinda as coach of Morocco's national team following its 0-3 finish in the World Cup. (AP)

## DREAM: The Sequel as Film Noir

Continued from Page 1

most the 1992 Olympians surrendered was 85, in their 32-point, gold-medal conquest of Croatia. And that was against a team with three solid NBA pros on it, not the fifth-place European qualifier, which is what this Spanish team is.

The original Dream Team blew people out simply off the turnovers they created with their pressure and the resulting high-wire transition show. This time, the Americans actually produced four more turnovers than did the Spanish, who also out-assisted the U.S. pros, 17-16. That was more damning evidence that the NBA offense continues to deteriorate into a game of power dunking or 3-point shooting with little else in between.

Think about this: with Joe Dumars and Reggie Miller taking dead-eye target practice, the Americans shot 71 percent in the first half, and walked off with an 8-point lead. Lazy defense by O'Neal and Mourning resulted in many open jumpers, several by a 7-foot center named Ferran Martínez and 6-5 Jordi Villacampa, who scored a game-high 28 points.

When Alberto Herrero buried a 3-pointer with just over five minutes left in the first half, Spain went ahead by 42-41, sending its flag-waving fans in one section of the upper stand into the "Ole! Ole! Ole!" chant still reverberating around U.S. World Cup venues. The lead lasted only a few seconds, and then Kevin Johnson and Derrick Coleman led Team USA to the 8-point halftime lead that Dumars (21 points) and Miller (20) helped extend to as much as 23 with a flurry of 3-pointers early in the second half.

"The difference between Dream Team I and us was that they were able to get up on teams and put them away," said Miller, after Spain fought back, closing to 12 before it was over.

By then, the Americans looked as if they just wanted the game to end, except for Dominique Wilkins and Steve Smith, who didn't get off Nelson's bench until the last few minutes of garbage time. Nelson said that, based on practice, those two are the odd men out of the rotation. So annoyed was Wilkins by the slight that he immediately forced two jumpers that missed, one entirely, ran over a defender trying to spin to the basket and then stuck a forearm shiver to a Spaniard's neck on defense.

That's another thing Dream Team I never dealt with — controversy over playing time. Coach Chuck Daly managed to use everyone, even a collegian, Christian Laettner. Then again, Daly's Dream Team usually didn't waste much time in putting its opponent to sleep.

• In other games, The Associated Press reported: In the other Pool A game, China surprised Brazil, 97-93, in overtime. China made eight straight free throws to open the overtime and took an 87-79 lead with 3:28 left. Brazil: closed

within two points twice, but China made 12 of 15 free throws in the overtime. Hu Weidong led China with 27 points, while Paulo de Almeida led Brazil with 26.

In Pool B, Croatia beat Cuba, 85-65, as Dino Radja of the Boston Celtics got 25 points and eight rebounds. Croatia's NBA frontline of Radja, Toni Kukoc of the Chicago Bulls and Stojan Vrankovic, formerly of the Celtics, helped Croatia finish with a 45-20 rebound advantage. Croatia shot 61 percent from the field, making 36 of 59 shots.

Australia beat South Korea, 87-85, despite scoring only one point over the final six minutes. South Korea closed an 86-71 deficit to 86-85 with 55 seconds to play before Andrew Gaze, who finished with 31 points, made one free throw with 13 seconds left. Kyung Eun Moon led South Korea with 24 points, all on 3-pointers.

In Pool C, Russia beat Argentina, 84-64, as Yevgeny Kisourin got 19 points, 12 on 3-pointers. Russia finished with a 45-23 advantage in rebounding and outscored Argentina, 33-19, from the free throw line.

Canada started its run as the first North American host to this event with an 83-52 victory over Angola. Jody Vuckary had 14 points for Canada, which held Angola to just 15 field goals. Herlander Coimbra had 16 points for Angola and was 5-for-5 from 3-point range.

In Pool D, José Ortiz had 19 points to lead six scorers in double figures as Puerto Rico cruised past Egypt, 102-74.

Panagiotis Fassoulas had 18 points and 10 rebounds to lead Greece to a 68-38 victory over Germany. A 3-pointer by Giorgis Sigalas with 12:23 to play gave Greece the lead for good and started a 10-0 run.

• Kukoc reportedly is close to signing a six-year deal with the Bulls that will pay him \$26 million and make him the highest paid player in the club's history — topping even Michael Jordan.

"I'm really happy about it," Kukoc told the Chicago Tribune, which reported the deal in Friday's editions.

The team's spokesman, Tom Santhuberg, said Friday that the contract had not been signed yet, but that, "hopefully, a deal is close."

As a rookie last season, when the Bulls paid him \$1.1 million, Kukoc averaged 10.9 points, 3.4 assists and four rebounds.

He was best-known for his last-shot heroics, hitting the game-winning shot in three regular-season games and in Game 3 of the Eastern Conference semifinals against New York.

In that game, Kukoc sank a 22-foot jumper while Scottie Pippen sat on the bench, having refused to play the last 1.8 seconds.

Pippen, who will earn about \$2.8 million next season, has said he would have a problem if Kukoc were to earn more than him.

"If I'm satisfied, I don't care what everyone else is going to make," Kukoc said.

## Williams Disputes Reports On Cause of Senna's Crash

Compiled by Our Staff From Dispatches

DIDCOT, England — The Williams racing team on Friday described as "unfounded" reports saying the crash that killed Ayrton Senna at the San Marino Grand Prix probably was caused by a broken steering column.

Reports in the French newspapers L'Equipe and Infomatin said Italian investigators had found a fracture in the column that could not have been caused by the car's impact with the concrete wall.

Infomatin quoted the team's chief designer, Adrian Newey, as saying the steering column was modified shortly before the race because Senna had complained he could not see his control panel clearly.

In a brief statement from its headquarters, Williams said: "Current media reports giving information regarding the possible cause of Ayrton Senna's accident are not based on the official findings of the technical experts investigating the matter."

"They have not yet reached any conclusions and have asked the magistrates for a delay until the end of September."

"Therefore, any speculation prior to this date is unfounded."

• The Italian government gave its approval Friday to safety measures that would allow Sept. 11, drawing protests from environmental groups outraged that hundreds of trees may be cut down.

Italy's minister for cultural and environmental treasures.

## SCOREBOARD

BASEBALL

Major League Standings

AMERICAN LEAGUE

East Division

Team	W	L	Pct.	GB
New York	46	38	.549	0
Baltimore	51	33	.606	5
Boston	52	32	.617	6
Toronto	47	37	.559	11
Chicago	42	42	.500	16
Cleveland	42	42	.500	16
Detroit	42	42	.500	16
Minnesota	42	42	.500	16
Seattle	42	42	.500	16
San Diego	42	42	.500	16
St. Louis	42	42	.500	16
Washington	42	42	.500	16
White Sox	42	42	.500	16
Yankees	42	42	.500	16

Central Division

Team	W	L	Pct.	GB
Chicago	42	42	.500	0
Cleveland	42	42	.500	0
Detroit	42	42	.500	0
Minnesota	42	42	.500	0
Seattle	42	42	.500	0
San Diego	42	42	.500	0
St. Louis	42	42	.500	0
Washington	42	42	.500	0
White Sox	42	42	.500	0
Yankees	42	42	.500	0

West Division

Team	W	L	Pct.	GB
Los Angeles	42	42	.500	0
Oakland	42	42	.500	0
San Francisco	42	42	.500	0
Seattle	42	42	.500	0
San Diego	42	42	.500	0
St. Louis	42	42	.500	0
Washington	42	42	.500	0
White Sox	42	42	.500	0
Yankees	42	42	.500	0

National League

East Division

Team	W	L	Pct.	GB
New York	42	42	.500	0
Baltimore	42	42	.500	0
Boston	42	42	.500	0
Toronto	42	42	.500	0
Chicago	42	42	.500	0
Cleveland	42	42	.500	0
Detroit	42	42	.500	0
Minnesota	42	42	.500	0
Seattle	42	42	.500	0
San Diego	42	42	.500	0
St. Louis	42	42	.500	0
Washington	42	42	.500	0
White Sox	42	42	.500	0
Yankees	42	42	.500	0

Central Division

Team	W	L	Pct.	GB
Chicago	42	42	.500	0
Cleveland	42	42	.500	0
Detroit	42	42	.500	0
Minnesota	42	42	.500	0
Seattle	42	42	.500	0
San Diego	42	42	.500	0
St. Louis	42	42	.500	0
Washington	42	42	.500	0
White Sox	42	42	.500	0
Yankees	42	42	.500	0

West Division

Team	W	L	Pct.	GB
Los Angeles	42	42	.500	0
Oakland	42	42	.500	0
San Francisco	42	42	.500	0
Seattle	42	42	.500	0
San Diego	42	42	.500	0
St. Louis	42	42	.500	0
Washington	42	42	.500	0
White Sox	42	42	.500	0
Yankees	42	42	.500	0

## Thursday's Line Scores

AMERICAN LEAGUE

Team	W	L	Pct.	GB
New York	42	42	.500	0
Baltimore	42	42	.500	0
Boston	42	42	.500	0
Toronto	42	42	.500	0
Chicago	42	42	.500	0
Cleveland	42	42	.500	0
Detroit	42	42	.500	0
Minnesota	42	42	.500	0
Seattle	42	42	.500	0
San Diego	42	42	.500	0
St. Louis	42	42	.500	0
Washington	42	42	.500	0
White Sox	42	42	.500	0
Yankees	42	42	.500	0

National League

Team	W	L	Pct.	GB
New York	42	42	.500	0
Baltimore	42	42	.500	0
Boston	42	42	.500	0
Toronto	42	42	.500	0
Chicago	42	42	.500	0
Cleveland	42	42	.500	0
Detroit	42	42	.500	0
Minnesota	42	42	.500	0
Seattle	42	42	.500	0
San Diego	42	42	.500	0
St. Louis	42	42	.500	0
Washington	42	42	.500	0
White Sox	42	42	.500	0
Yankees	42	42	.500	0

## The Michael Jordan Watch

THURSDAY'S GAME: Jordan went 3-for-4

in the Bulls' 93-86 win over the Cavaliers.

He had two dunks, a pass out and a layup.

SEASON TO DATE: Jordan is now batting .172 (77-449) with 34 runs, 16 doubles, one

## Japanese Leagues

Central League

Team	W	L	Pct.	GB
Yomiuri	42	42	.500	0
Chunichi	42	42	.500	0
Hanshin	42	42	.500	0
Yokohama	42	42	.500	0
Deiya	42	42	.500	0
Yokohama	42	42	.500	0
Deiya	42	42	.500	0
Yokohama	42	42	.500	0
Deiya	42	42	.500	0
Yokohama	42	42	.500	0
Deiya	42	42	.500	0

Pacific League

Team	W	L	Pct.	GB
Yokohama	42	42	.500	0



## SPORTS

## 3 Bowls Get Games To Decide College Football Champion

By Richard Sandomir

**NEW YORK** — The Sugar, Orange and Fiesta bowls have been selected to rotate an annual matchup of the season's two top-ranked college football teams in order to try to determine an undisputed national champion every year.

During a two-hour telephone call Thursday, commissioners from the four athletic conferences that are involved approved the three-bowl coalition, which will start on Dec. 31, 1995.

The six participants in the bowls will be the champions of the Atlantic Coast, Big East, Big 12 and Southeastern conferences and two at-large teams. The Cotton Bowl and the Gator Bowl were rejected in their applications to be among the three bowls in the alliance.

The plan to fashion a national champion could be derailed only if a first- or second-ranked team came from the Big Ten or Pacific-10 Conferences, which play in the Rose Bowl.

The deal is for six years, but the four conferences can get out by majority vote after three years. The alliance severs the traditional ties between the competing bowls and conferences. Instead, the bowls will choose their participants on a rotating basis.

Although the dates have not been made official, the likelihood is that on Jan. 2, one bowl will play host to the No. 1 and No. 2-ranked teams. An earlier bowl game, played Jan. 1, will involve the No. 3 and No. 5 selections. The third bowl game, played Dec. 31, will pit the No. 4 and No. 6 selections. The selections don't have to jibe with the season's final rankings, which are determined by polls of writers and coaches.

"It'll give us a chance to pick Notre Dame, Penn State or

Michigan," said Chuck Zatarain, the Sugar Bowl president, "who have all played in our game before."

CBS will air the Fiesta and Orange bowls, both formerly on NBC. ABC will broadcast the Sugar Bowl from New Orleans.

ABC, which carries the Rose Bowl, is very well positioned. Dennis Swanson, president of ABC Sports, said: "We have two of the four bowls. We start in September knowing we can absolutely host the championship game. And both our games are in exclusive time periods, which is advantageous in ratings."

Dick Ebersol, the president of NBC Sports, which is out of the major bowl business because the Cotton Bowl lost its bid, said: "It was crystal clear to me in March that the personal whims of the commissioners drove this, based on whether they could play golf."

Whimsy or not, the commissioners' decision returns CBS heavily to college football with two bowl games, which will precede the network's start of regular-season SEC and Big East broadcasts in the fall of 1996.

Tom Mickle, assistant commissioner of the Atlantic Coast Conference, said the decision to pick the Orange Bowl came down to Miami's better weather compared with the Gator Bowl's cooler, foggy climate in Jacksonville, Florida. The Fiesta Bowl's choice was based on a higher bid than the Cotton Bowl's and better weather in Tempe, Arizona, than in Dallas.

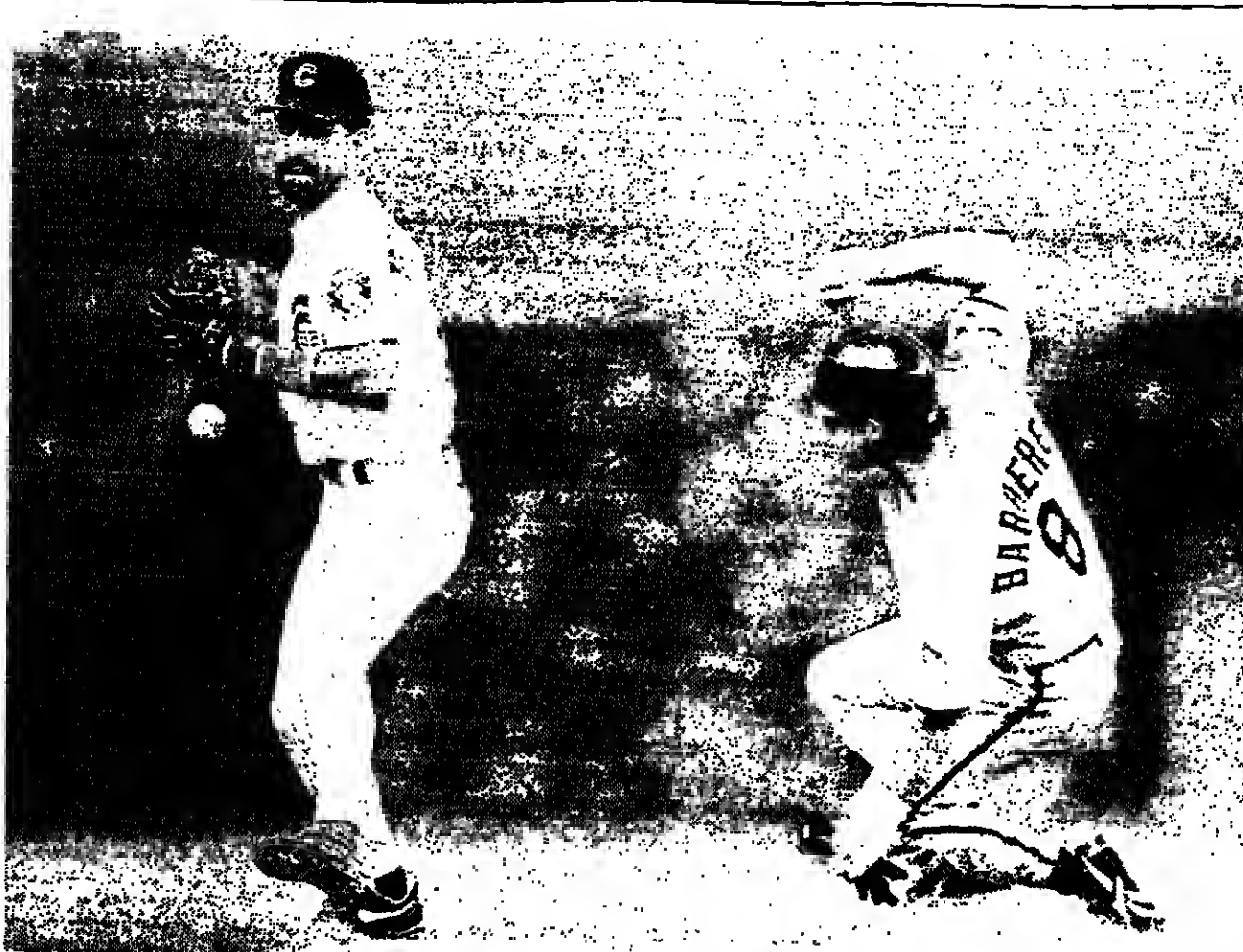
Richard Catlett, executive director of the Gator Bowl, said: "It's hard to understand how the commissioners could use a method of selection that opted not to take significantly more money from us than the Orange Bowl." Catlett said the Gator Bowl had offered \$115 million, an estimated \$10 million to \$15 million more than the Orange bid, and was rebuilding its stadium.

Mickle added that the commissioners were not concerned over whether the Fiesta Bowl actually had a firm financial commitment for continued sponsorship by International Business Machines. An IBM spokesman said its sponsorship would conclude Jan. 1, 1995, with a two-year option that is now under review.

NBC's Ebersol inured some bitter words at the Fiesta Bowl, saying it was not contractually free to speak to any other networks until November.

"If we were going to extend ourselves to be in this game," he said, "I wanted to do it with people who understand integrity and partnership. They had no legal right to talk to another network, but I chose not to make a legal issue because I was horrified at the thought of making a new deal with them."

In reply, John Junker, the executive director of the Fiesta, said only: "I wish the best to NBC and all the fine people at NBC Sports."



Shortstop Jose Hernandez, having forced Bret Barberie, dropped the ball as Florida won its third straight in Chicago.

## Baseball Talks: Stalemate or Showdown?

By Richard Justice

Washington Post Service

**NEW YORK** — Major league baseball's labor negotiations remained at an impasse even as the players announced they would stick to their original strike date of Aug. 12 despite management's refusal to make a scheduled \$7.59 million pension-fund contribution.

The players said they hoped that giving the talks another week might result in ending the stalemate, but both sides also said that such a possibility seemed unlikely with the owners continuing to insist on a ceiling on salaries — a salary cap — and the players refusing to consider one.

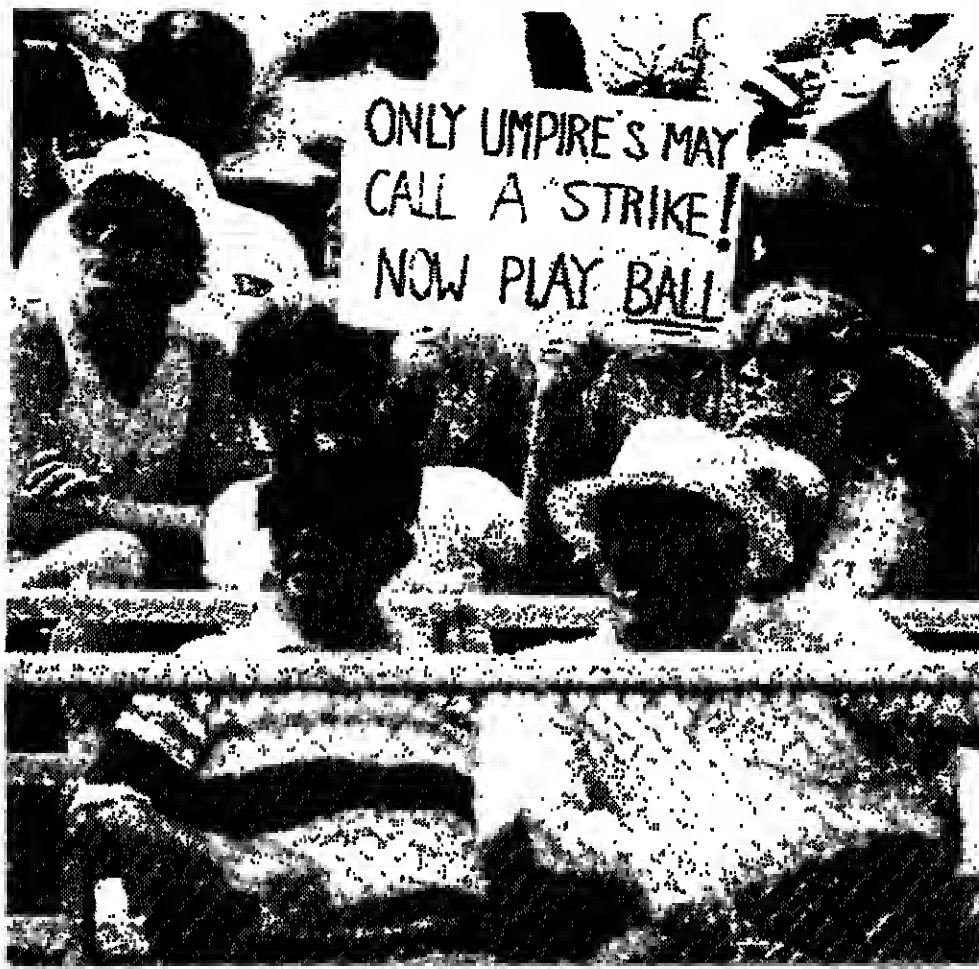
It was an indication of how little has been accomplished that, with a strike eight days away, the two sides met only briefly Thursday afternoon.

The union chief, Donald Fehr, attended only part of the session as his side made a series of proposals aimed at easing the revenue squeeze on small-market clubs.

The session was completed Friday morning, with no indication of when the two sides would meet again.

In the wake of the nonpayment, the players responded calling Thursday for an immediate strike. But after a 75-minute talk by conference call between union officials and player representatives, the union announced that Aug. 12 would still be the day.

"After talking about it at great length, the board decided that just because the owners are behaving in an irresponsible and provocative manner, it does not mean that the players have to do so," Fehr said. "It will



A fan at the Pirates-Phillies game in Philadelphia let his thoughts on a strike be known.

come as no surprise that the players' level of resolve, which was already extremely high, is now several levels higher."

Richard Ravitch, chief negotiator for the owners, welcomed the union's action, saying, "I'm

glad the tempest in a teapot has passed and we can get back to the real issue."

There are increasing signs that a strike could be a long one. The union has \$175 million in licensing money set aside to distribute to players needing funds during a strike. The owners, a management source said, have a large line of credit with a consortium of banks.

"That's the frightening part of all this," a source involved in the negotiations said. "Both sides have tremendous resources. If it's going to be a war of attrition, it could be a long one."

However, a management source said a few financially strapped clubs have already borrowed money, some of them to their credit limit. But the source cautioned that the owners, unlike previous years, remain prepared for a long fight.

Even the Chicago White Sox owner, Jerry Reinsdorf, who seemed to break ranks last weekend by announcing he would settle for a rollover of the current system, sent his col-

leagues a letter stating he supported the salary-cap effort and was "prepared to accept whatever pain must be endured to achieve that change."

The union's proposal would give management another device for helping small-market clubs without asking the players to accept a salary cap. Fehr wouldn't reveal details of the plan until he'd given all of it to the owners, but it's believed to involve a sharing of all broadcast revenues instead of just the national television package, which is now the case.

One of the largest disparities between large-market and small-market clubs is those television revenues, which range from about \$50 million per season for the New York Yankees to around \$3 million for teams such as Pittsburgh, Seattle and Minnesota.

The owners will quickly reject the proposal since the large-market clubs have said they won't share another cent of their revenues unless they get something in return — in this case, a salary cap.

## Indians Close In On White Sox

The Associated Press

The New York Yankees have run away with the American League East.

The Texas Rangers have pretty much won the AL West by default.

That leaves American League Central, where there's still a great divisional race with one week left before the players' strike date.

The Cleveland Indians pulled within a half-game of Chicago on Thursday by beating Detroit, 5-0, while the White Sox were losing in Texas.

Kansas City, meanwhile, won its 13th straight game, over Oakland, which put the Royals — who were nine games out before their streak started — just two games behind the White Sox.

Albie Lopez pitched a five-hitter for Cleveland and struck out a career-high 11 in his first complete game. The crowd of 41,926 gave the Indians their 28th straight sellout in their last home game before the strike date.

"I think I proved I can pitch up here now," the 22-year-old Lopez said. "I think I can stay."

He was recalled from Class AAA Charlotte on July 25 after Mark Clark, Cleveland's win-ningest pitcher, had his right wrist broken by a line drive. Lopez was 3-1 with the Indians last year and 12-2 at Charlotte this season.

Carlos Baerga had a two-run homer for the Indians, and Wayne Kirby, Sandy Alomar and Omar Vizquel had RBI singles.

Kenny Lofton helped Lopez with a sensational leaping catch of Dan Bautista's drive to the fence in left-center leading off the fifth.

"The guy hit it and I said, 'Kenny's got it,'" Lopez said. "Then it kept going and I said, 'No, Kenny doesn't.' Then Kenny got it."

The Indians have eight games left before the strike date of

Aug. 12. The White Sox have 11.

Rangers 4, White Sox 1: Rusty Greer went 2-for-4 with a two-run homer in the eighth inning as Texas stretched its lead in the AL West to 4½ games.

Jeff Frye and Juan Gonzalez added RBI singles to help the Rangers move within four games of .500.

Chicago had won four straight before dropping the fi-

## AL ROUNDUP

nal two games of the three-game series.

Royals 5, Athletics 2: In Kansas City, Felix Jose had three hits and Kevin Appier, with only one decision in his eight previous starts, pitched a four-hitter.

The Royals' streak is the longest in the major leagues since Atlanta won 13 straight in 1992.

Yankees 9, Twins 2: Visiting New York won its seventh straight and opened a 10-game lead in the AL East as Bernie Williams hit three doubles and Luis Polonia, Wade Boggs and Paul O'Neill also had three hits. The Yankees tied their season-high with 19 hits.

Mariners 4, Angels 2: Goose Gosage got the victory in his 1,000th career appearance and Eric Anthony hit a two-run pinch homer in the eighth as Seattle won at California.

Only Hoyt Wilhelm (1,070) and Kent Tekulve (1,050) have pitched in more major league games than Gosage.

Brewers 5, Orioles 3: Jose Valentin hit a two-run homer and John Jaha had a pair of RBI doubles in Baltimore as Milwaukee snapped its three-game losing streak.

Blue Jays 5, Red Sox 2: Joe Carter reached 100 RBIs for the sixth straight season and John Olerud knocked in two runs with a ground out as Toronto won in Boston.

## Kile Strikes, Astros Beat Rockies Again

The Associated Press

Don Baylor thought his Colorado Rockies were about to erupt. Darryl Kile was feeling the heat. The Houston Astros' playoff hopes were in danger.

False alarm.

After a single and a double put two Rockies in scoring position with nobody out and the heart of the batting order coming up, Kile turned the heat into smoke that blew by Dante Bichette and Charlie Hayes.

"That's the inning we've been looking for for a while, runners on second and third with nobody out," Baylor said Thursday night. "Six pitches later, we're out of it."

And Kile was into it. He retired 13 in a row after the two hits, scattered eight hits over 6½ innings and pitched the Astros to their third straight victory over their least-favorite opponent.

Even with this 6-2 triumph, the Astros have a sorry 7-17 record against the second-year franchise.

More importantly, with the anticipated strike now a week away, the Astros moved within three games of idle Cincinnati in the Central division and within two of Atlanta in the National League's wild card chase.

Craig Biggio hit a two-run triple to cap a three-run second, and Scott Servais also drove in two runs for Houston.

Cardinals 7, Expos 3: Bob Tewksbury's five-hit pitching and Todd Zeile's third major-league grand slam helped St.

Louis hand visiting Montreal its second loss in 16 games.

Tewksbury, 1-3 with a 9.43 ERA in his previous four starts, retired 10 straight to start the game and went on to his fourth complete game.

Zeile's 17th homer broke open a 3-1 game in the ninth, and Mark Whiten hit his 13th homer.

Larry Walker hit a solo homer in the seventh and a two-

## NL ROUNDUP

run shot in the ninth to account for all the Expos runs.

Pirates 1, Padres 0: Mike Piazza hit his 24th homer against visiting San Diego while Kevin Gross and Todd Worrell combined on a six-hitter for Los Angeles, which moved 2½ games in front of idle San Francisco in the West.

Gross reared 14 straight, and Worrell got his ninth save.

Pirates 5, Phillies 1: Curt Schilling, the MVP of last year's National League playoffs, lost for the eighth time in nine decisions this year as Philadelphia fell to visiting Pittsburgh.

Jon Lieber allowed only three hits in 7½ innings. He struck out six and was supported by two RBIs from Dave Clark and Jeff King's fourth homer.

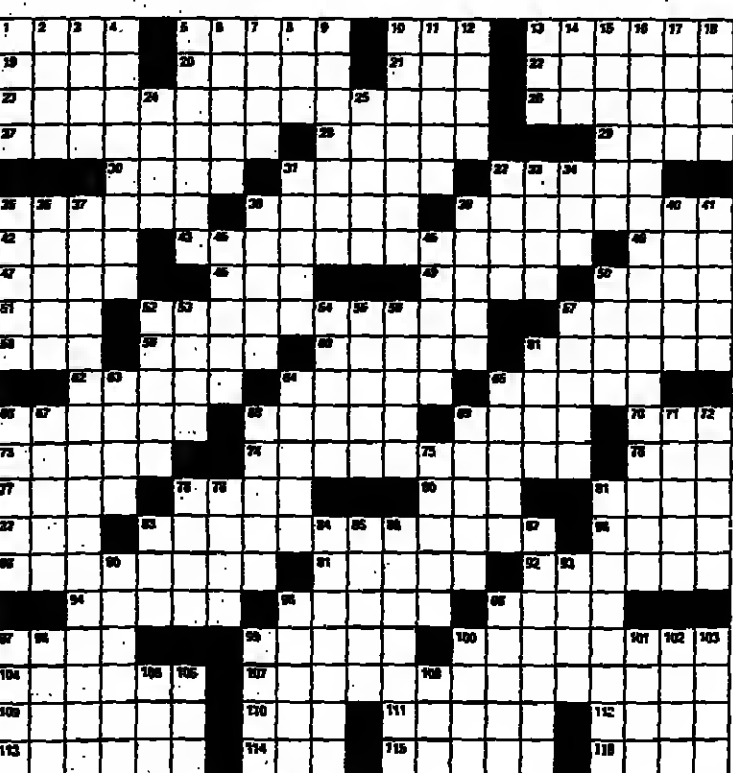
Marlins 5, Cubs 1: Mark Gardner held Chicago to five hits in 7½ innings as Florida won its third straight in Chicago.

Gary Sheffield hit his 24th homer and drove in three runs for the Marlins.

## BY THE CARLOAD By Dean Niles

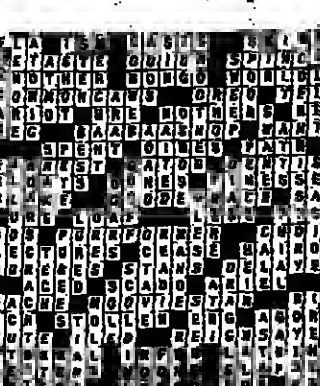
- ACROSS**
- Quite the rage
  - From the "Train"
  - Abbr. in car ads
  - Gilt
  - Top of the line
  - Not plus ultra
  - Associate of Tigger the Tiger
  - One of the Beverly Hills
  - 1990 Craig Lucas play
  - Rich fabric
  - Go with
  - Old-fashioned
  - Gale's beloved
  - Agathe and others: Abbr.
  - Lofly perch
  - Onetime
  - Henry's rival
  - Contributing
  - "It is a nipping — eager all"
  - Shakespeare
  - Location of many bits
  - Side petals of a flower
  - 1966 Wilson Pickett hit
  - Anderson's "High"
  - Skedaddles

- DOWN**
- 1954 Kurosawa classic, with "The"
  - Give way
  - Boost the battery
  - Catch
  - Let down one's guard
  - Title
  - Person with a mission
  - coma (something else): Sp.
  - Small airport
  - for short
  - First woman in the British Parliament
  - Places for doctors' strikes?
  - Author Raymond
  - 107 Oklahoma group
  - News interruption
  - Chess champ Mikhail
  - Certain addicts
  - Access
  - May Oliver
  - 113 Fit
  - Rie, 66, e.g.
  - Vennin: Lucy
  - Baritone
  - Bullfighter's red cloak
  - de combat
  - (Spanish noblewoman)
  - Piano pedals that mute the strings
  - College test
  - "Waiting for Lefty"
  - playwright
  - "Take — your leader"
  - Much-quoted luminary
  - San Francisco suburb
  - Stemming
  - Group on horseback
  - Lauding up
  - Nightwear, for short



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## Solution to Puzzle of July 30-31



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